Alberta Ministry of Health and Wellness

Annual Report 2001/2002

Section I

Alberta
HEALTH AND WELLNESS

For further information

For additional copies of this document or Section II, or further information about Alberta Health and Wellness, contact:

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Edmonton, Alberta T5J 2N3
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You can find this document on Alberta Health and Wellness' Internet Web site — http://www.health.gov.ab.ca

For research or technical inquiries on the performance measures and statistical data in the "Results Analysis" section, contact:

Alberta Health and Wellness
Standards and Measures
22nd floor, 10025 Jasper Avenue
Edmonton, Alberta T5J 2N3
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For research or technical inquiries on the "Financial Information" section, contact:

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Financial Policy and Reporting
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16th floor, 10025 Jasper Avenue
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ISSN 1492-8884

Government of Alberta
2001 IPAC
Gold Award
for Innovative
Management

The Alberta Public Service received the Gold Award for Innovative Management from the Institute of Public Administration of Canada (IPAC) for its Corporate Human Resource Development Strategy. This innovative approach to meeting the human resource needs of the Alberta government is a long-term commitment to learning, leadership and the promotion of the Alberta public service as an attractive employer.

103-01832/

Section I

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Section II

Section II of this report is published under a separate cover. It provides the financial statements of the regional health authorities and provincial health boards. To obtain financial statements of individual regional health authorities and provincial health boards, please consult the contact list on page 5.

Preface

Public Accounts 2001/2002

The Public Accounts of Alberta are prepared in accordance with the *Financial Administration Act* and the *Government Accountability Act*. The Public Accounts consist of the annual report of the Government of Alberta and the annual reports of each of the 24 Ministries.

The annual report of the Government of Alberta released June 25, 2002 contains the Minister of Finance's accountability statement, the consolidated financial statements of the Province and a comparison of the actual performance results to desired results set out in the government's business plan, including the *Measuring Up* report.

This annual report of the Ministry of Alberta Health and Wellness contains the Minister's accountability statement, the audited consolidated financial statements of the Ministry and a comparison of actual performance results to desired results set out in the Ministry business plan. This Ministry annual report also includes:

- **the financial statements of entities making up the Ministry including the provincial agencies for which the Minister is responsible, and**
- **other financial information as required by the *Financial Administration Act* and *Government Accountability Act*, either as separate reports or as a part of the financial statements, to the extent that the Ministry has anything to report.**

Financial information relating to regional health authorities and provincial health boards is also included in this annual report as supplementary information. Section II of this report provides financial statements of the regional health authorities and provincial health boards, where available, which are accountable to the Minister of Health and Wellness.

Contact List

Financial Information for Regional Health Authorities and Provincial Health Boards

For further financial information regarding the regional health authorities or provincial health boards, please contact:

1.	**Chinook Regional Health Authority**	**(403) 382-6019**
2.	**Palliser Health Authority**	**(403) 529-8058**
3.	**Headwaters Health Authority**	**(403) 601-8334**
4.	**Calgary Health Region**	**(403) 541-3677**
5.	**Regional Health Authority 5**	**(403) 823-5245**
6.	**David Thompson Regional Health Authority**	**(403) 341-8622**
7.	**East Central Health Authority**	**(403) 608-8820**
8.	**WestView Regional Health Authority**	**(780) 962-7552**
9.	**Crossroads Regional Health Authority**	**(780) 352-3766**
10.	**Capital Health Authority**	**(780) 407-3652**
11.	**Aspen Regional Health Authority #11**	**(780) 349-8705**
12.	**Lakeland Regional Health Authority**	**(780) 656-6508**
13.	**Mistahia Regional Health Authority**	**(780) 538-6138**
14.	**Peace Regional Health Authority**	**(780) 618-4500**
15.	**Keeweetinok Lakes Regional Health Authority #15**	**(780) 523-6465**
16.	**Northern Lights Regional Health Authority**	**(780) 791-6037**
17.	**Northwestern Regional Health Authority**	**(780) 926-4399**
18.	**Alberta Mental Health Board**	**(780) 422-2233**
19.	**Alberta Cancer Board**	**(780) 412-6300**

Message from the Minister

I am excited by the bold and innovative direction we are taking with health care in Alberta. The theme for 2001/2002 was first steps toward sustainability. We took these initial steps with the release of the *Premier's Advisory Council on Health* report. The ten themes and 44 recommendations provide the roadmap for putting public health care on a sustainable foundation. To keep Albertans informed of our agenda for reform, we distributed, *Alberta: Health First, Building a better public health care system.*

The Ministry expended $6.3 billion for health care, an increase of $711.5 million or 12.7 per cent over 2000/2001.

With our focus on the future we are working to maintain the quality and leadership of our current system. Albertans received service by some of the best and brightest professionals in the field of health care. The introduction of the *Health Professions Act* provided a framework for health professionals to work to their full scope of practice. We continued building on our leadership in the area of organ and tissue transplantation and maintained the highest MRI scan rate in the country. Alberta Wellnet earned a national award for its continuing work toward providing secure electronic health information for Albertans.

The most efficient and cost-effective health service is prevention. In striving for a healthier society, we committed $155 million for programs to reduce injury and promote wellness. The government dedicated $10.3 million to children's initiatives and early intervention. The money funded programs teaching children the importance of exercise and proper nutrition and allowed for an increased number of children to receive immunization for chicken pox and meningitis. Aboriginal Albertans were targeted as an at-risk group. The government provided $4.2 million during the first six years of the *Aboriginal Health Strategy* to fund 63 projects in 12 regional health authorities. Seniors issues continue to be addressed through the *Healthy Aging and Seniors Wellness Strategy.*

We invested $14 million for research activities. The Alberta Heritage Foundation for Medical Research continued to support, facilitate and enhance health research and we continued support for Alberta Cancer Board research.

Albertans remain encouraged by the quality of our public health care system. In 2001/2002, 86 per cent of Albertans rated the care they received as excellent or good.

As we continue down the road to reforming our health care system, we will work together to maintain and improve the health and wellness of Albertans by leading and working collaboratively with citizens and stakeholders. I look forward to meeting this goal.

Gary G. Mar

Gary G. Mar, Q.C.
Minister of Health and Wellness
M.L.A. Calgary Nose Creek

Management's Responsibility for Reporting

The Ministry of Health and Wellness includes the Department of Health and Wellness and the Alberta Alcohol and Drug Abuse Commission.

Executives of the individual entities within the Ministry have the primary responsibility and accountability for the respective entities. Collectively, the executives ensure the Ministry complies with all relevant legislation, regulations and policies.

Ministry business plans, annual reports, performance results and the supporting management information are integral to the government's fiscal and business plans, annual report, quarterly reports and other financial and performance reporting.

Responsibility for the integrity and objectivity of the consolidated financial statements and performance results for the Ministry rests with the Minister of Health and Wellness. Under the direction of the Minister, I oversee the preparation of the Ministry's annual report, including consolidated financial statements and performance results. The consolidated financial statements and the performance results, of necessity, include amounts that are based on estimates and judgments. The consolidated financial statements are prepared in accordance with the government's stated accounting policies.

As Deputy Minister, in addition to program responsibilities, I establish and maintain the Ministry's financial administration and reporting functions. The Ministry maintains systems of financial management and internal control which give consideration to costs, benefits, and risks that are designed to:

- provide reasonable assurance that transactions are properly authorized, executed in accordance with prescribed legislation and regulations, and properly recorded so as to maintain accountability of public money,
- provide information to manage and report on performance,
- safeguard the assets and properties of the Province under Ministry administration,
- provide Executive Council, Treasury Board, the Minister of Finance and the Minister of Health and Wellness any information needed to fulfill their responsibilities, and
- facilitate preparation of Ministry business plans and annual reports required under the *Government Accountability Act.*

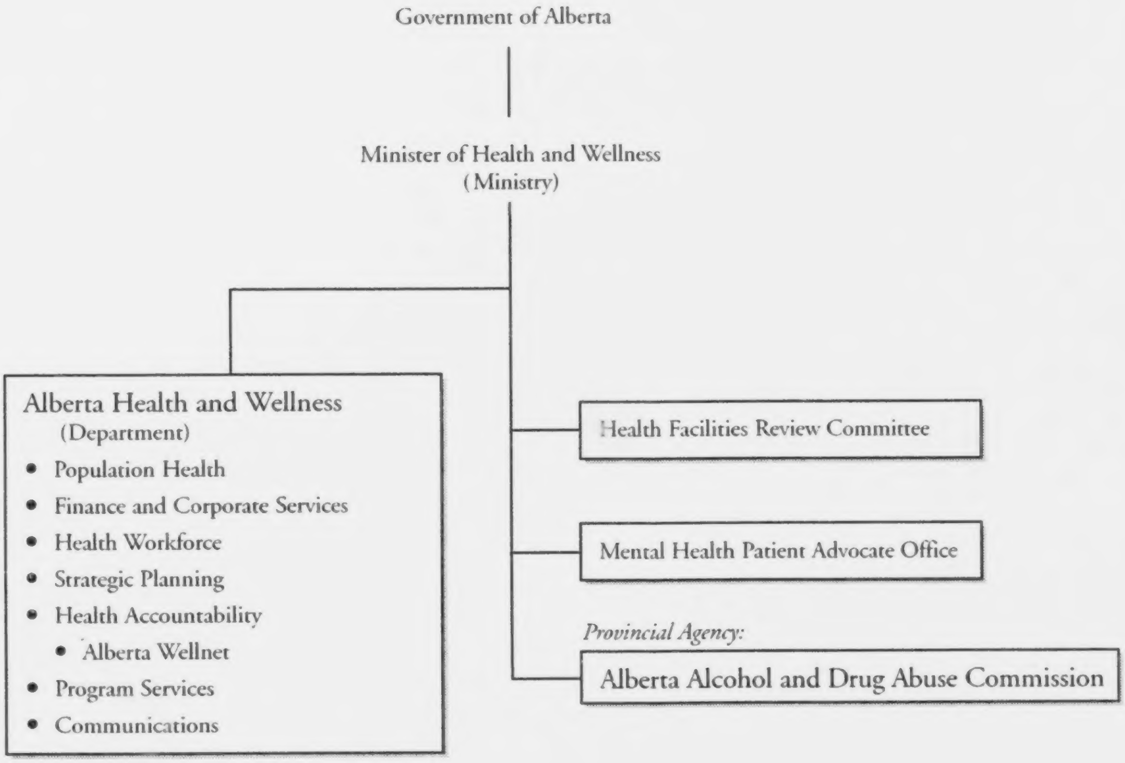
In fulfilling my responsibilities for the Ministry, I have relied, as necessary, on the executive of the individual entities within the Ministry.

Shelley Ewart-Johnson
Deputy Minister
Ministry of Health and Wellness

Overview

Ministry of Health and Wellness Organization

(April, 2001 to March, 2002)


Government of Alberta
Minister of Health and Wellness
(Ministry)
Alberta Health and Wellness
(Department)
• Population Health
• Finance and Corporate Services
• Health Workforce
• Strategic Planning
• Health Accountability
• Alberta Wellnet
• Program Services
• Communications
Health Facilities Review Committee
Mental Health Patient Advocate Office
Provincial Agency:
Alberta Alcohol and Drug Abuse Commission

Ministry Contacts

Minister of Health and Wellness, Gary G. Mar	telephone: (780) 427-3665; fax: (780) 415-0961 Responsible for ensuring health services in the province are properly conducted in the public interest. Ultimately responsible for the overall quality of health services in Alberta and responsible for reporting to the Legislature on the health of Albertans.
Deputy Minister of Health and Wellness, Roger Palmer	telephone: (780) 422-0747; fax: (780) 427-1016 Assists the Minister of Health and Wellness in discharging the responsibilities conferred on him by the Legislature and supports the Minister in all of his duties. Responsible for administrative management of the Ministry, including human resource management and Alberta Wellnet.
Population Health Assistant Deputy Minister, Art McIntyre	telephone: (780) 427-8596; fax: (780) 422-3671 Provides leadership in health surveillance, disease control and prevention, and population health strategy development. Facilitates coordinated approaches to improving public health and medical care, and develops policies and strategies for publicly funded drug programs.
Finance and Corporate Services Assistant Deputy Minister, Bruce Perry	telephone: (780) 427-0885; fax: (780) 422-3672 Provides leadership on internal and external funding allocations, financial accountability, and fiscal planning and governance to support and sustain public health care; conducts analytical studies and liaises with the Auditor General on fiscal reporting; manages Alberta Health and Wellness financial resources, and advises on legal and legislative issues and capital planning.
Health Workforce Assistant Deputy Minister, Wendy Hassen	telephone: (780) 427-3274; fax: (780) 415-8455 In collaboration with regional health authorities, physicians, professional associations, and other partners, ensures the provision of high quality and integrated physician services; supports health care workforce planning; and provides a legislative framework to ensure competent and safe health service delivery by health professionals.
Strategic Planning Assistant Deputy Minister, Annette Trimbee	telephone: (780) 415-0571; fax: (780) 415-0570 Develops health system policy and strategies, Ministry business plan and requirements for health authority business plans. Works with federal/provincial/territorial health departments to coordinate current and emerging intergovernmental issues through the Conference of Ministers and Deputy Ministers of Health. Leads the provincial response on aboriginal health issues and national and international health trade issues. Engages in strategic and organizational planning, and coordinates proactive environmental scanning to identify, track and address strategic issues.
Health Accountability Assistant Deputy Minister, Alex Stewart	telephone: (780) 427-5280; fax: (780) 422-5176 Leads the continuous evaluation of the performance of the health system by: developing expectations; measuring, monitoring, analyzing, and reporting on system performance; promoting evidence-based decision making; managing information management and technology resources, and co-ordinating health research activities.

Program Services **Assistant Deputy Minister,** **Janet Skinner**	telephone: (780) 415-1599; fax: (780) 422-3674 Registers residents, practitioners, facilities and other stakeholders, provides information and customer services, bills and collects premiums, administers payments of claims programs, monitors and reports on billing patterns, and administers the Alberta Aids to Daily Living and Emergency Health Service air and ground ambulance program services.
Communications **Director,** **Carol Chawrun**	telephone: (780) 427-7164; fax: (780) 427-1171 Provides support and advice to Alberta Health and Wellness and the Minister to improve communication with Albertans; coordinates ministerial correspondence, media relations, produces and distributes publications, and manages the department Internet site.
Alberta Alcohol and Drug Abuse Commission **Chief Executive Officer** **R.M. Finnerty**	telephone: (780) 427-2837; fax: (780) 423-1419 Provides or funds a range of alcohol, other drug and problem gambling treatment, prevention and information services for Albertans. Services are provided through a network of offices and associated agencies across the province and include community outpatient counselling and prevention, crisis and detoxification, residential treatment, and research, information and monitoring services.
Health Facilities Review Committee **Chair,** **Bob Maskell, MLA**	telephone: (780) 415-9581; fax: (780) 415-0951 Monitors the quality of care, treatment and standards of accommodation provided to patients and residents in hospitals and continuing care centres. Receives and Meadowlark — Edmonton investigates complaints.
Mental Health Patient Advocate Office **Acting Advocate,** **Jeanette McPhail**	telephone: (780) 422-1812; fax: (780) 422-0695 Assists patients in designated mental health facilities to understand and exercise their rights; investigates complaints relating to certified patients involuntarily detained under the *Mental Health Act*. Monitors statutory and regulatory changes relating to psychiatric services and recommends improvements regarding systemic problems, administrative policies and mental health legislation.

Vision

The Alberta government's vision for the province is ***"A vibrant and prosperous province where Albertans enjoy a superior quality of life and are confident about the future for themselves and their children."***

This broader vision is reflected in the slogan: "Healthy Albertans in a healthy Alberta."

In this context, the vision of Alberta Health and Wellness is ***"Citizens of a healthy Alberta achieve optimal health and well-being."***

In acknowledgement that the determinants of the health and well-being of a population include factors such as education, employment, income and the environment, this vision is comprised of two distinct but interwoven dimensions:

- Albertans are able and encouraged to realize their full health potential in a safe environment, with adequate income, housing, nutrition and education, and to play a valued role in family, work and their community.
- Albertans have equitable access to affordable and appropriate health and wellness services of high quality.

The achievement of this vision requires individuals to take responsibility for health in their communities, in collaboration not only with the Ministry and providers of health services, but with a wide variety of parties including other Ministries, other levels of government and the private sector.

Mission and Core Businesses

Within the context of the Government's Business Plan and the vision for health, the mission of the Ministry is . . .
". . .to maintain and improve the health of Albertans by leading and working collaboratively with citizens and stakeholders."

To achieve our mission, the Ministry engages in two core businesses:

- Lead and support a system for the delivery of quality health services.
- Encourage and support healthy living.

Highlights for 2001/2002

In 2001/2002, Alberta Health and Wellness focused its attention on improving quality, accountability and sustainability across the health system.

First steps to sustainability

Ensuring the future of public health care in Canada in the face of rising costs has become a primary focus of provinces, territories and the federal government. In 2001/2002, strategies aimed at system redesign and innovation were promoted and pursued in collaboration with key stakeholders. Late in the year, a plan for ensuring sustainability was developed and released by the Premier's Advisory Council on Health, and adopted by the government as its course for health care reform.

Accessible, quality care

In 2001/2002, Alberta Health and Wellness with its many partners ensured accessible, effective, quality health services through implementation of significant initiatives.

- Set new strategic directions to ensure an integrated, sustainable system for health, with emphasis on the primary health care sector. Through the Health Innovation Fund, $10.9 million was provided to support 45 health service delivery projects, including 29 with a primary health care focus.
- Initiated key policy directions of the Long-Term Care Review to modify and enhance continuing care services which implement the 'aging in place' philosophy. Requirements and supports were provided to regional health authorities to develop the Ten-Year Continuing Care Strategic Plans. Implemented a 14 per cent increase in the accommodation rate for long-term care facilities to address inflationary increases in the cost of providing room and board services in these facilities.
- Implemented a provincial magnetic resonance imaging (MRI) strategy, which added seven new MRI scanners to the province bringing the total to 15 public scanners. Regional health authorities received additional targeted funding of $13 million enabling MRI service volumes to increase to over 70,000 scans in 2001/2002, just under the target of 24 scans per 1,000 Albertans, the highest rate in the country.
- Ensured reasonable access to and appropriate use of prescribed drugs through the Pharmaceutical Information Network (PIN) piloted in the communities of Westlock and Leduc in spring 2002. This system allows electronic exchange of medication information among participating physicians, pharmacists and health care facilities with the patient's consent. The Seniors' Drug Profile, which will be replaced by PIN, increased the number of health-service providers with electronic access to seniors medication history by 34 per cent.

- 12 new prescription drugs were added to the Alberta Health and Wellness Drug Benefit List offering significant advances in the treatment of diseases.
- Funded islet cell transplants. Alberta is at the forefront of this important new medical technology which provides an effective cure for a subset of people with diabetes.
- Proclaimed the *Health Professions Act* on December 31, 2001 to establish a uniform structure for regulated health professions in Alberta.
- Performed an operational review of Alberta Wellnet that evaluated the effectiveness of governance structures for Information Management and Technology in the provincial health sector.

Measures and results

While public perception on ease of access declined slightly, the high ratings for quality of care were maintained.

Protection, promotion and prevention

Significant initiatives were implemented improving the health and wellnesss of Albertans during 2001/2002.

- Enhanced immunization strategies and implemented a longer-term immunization plan as part of a national strategy. A province-wide meningococcal immunization campaign was conducted in several phases.
- Directed $6.35 million to regional health authorities to help plan and implement Action for Health strategies to promote health and prevent disease and injury. Funding included $1.85 million targeted to improve existing programs and services for children and implement new children's programs.
- Developed a comprehensive Alberta Tobacco Reduction Strategy, which committed $11.7 million starting in 2002/2003 to encourage Albertans to reduce their use of tobacco products. Included was $8.7 million budgeted by Alberta Alcohol and Drug Abuse Commission (AADAC) on education and smoking cessation activities to complement increased tobacco taxes, and $3 million allocated to the Ministries of Revenue and Gaming for tobacco tax enforcement.
- Continued work towards addressing water quality issues in collaboration with a broad range of stakeholders. A province-wide emergency response protocol for water quality incidents and a field manual for inspecting and investigating private and communal drinking water systems was developed.

Measures and results

- Self-reported health status among the 16 – 64 age group was unchanged in 2002, compared with 2001, while the self-reported health of persons aged 65 years and older increased by 6 per cent.

Health system and Ministry effectiveness

Alberta Health and Wellness participated in many projects supporting the health system and optimizing the department's effectiveness.

- Established more clearly accountability for health authority service provision, governance and management by electing two-thirds of regional health authority members in conjunction with 2001 municipal elections. The remaining one-third of members was appointed through a public nomination process.
- Established several committees to implement the Government of Alberta Health Care Action Plan following acceptance of recommendations by the Premier's Advisory Council on Health.
- A premium rate increase and subsidy change were announced following the 2002/2003 provincial budget to take effect in April 2002, and designed to have a minimal impact on lower-income Albertans.
- Led the Performance Indicators Reporting Committee of Federal/Provincial/Territorial Deputy Ministers of Health and developed a set of comparable health indicators to be reported by each jurisdiction in September 2002.
- Co-chaired federal/provincial/territorial discussions on mechanisms to avoid and resolve disputes concerning the *Canada Health Act*. Reached agreement with the exception of Quebec, on a dispute-settling process comprising of jointly appointed panels.
- Effective September 2001 Chaired the Provincial/Territorial Ministers and Deputy Ministers of Health Conferences and Co-chaired the Federal/Provincial/Territorial Ministers and Deputy Ministers of Health Conferences.
- Participated in inter-departmental initiatives to strengthen provincial early childhood development by funding the AADAC and Alberta Mental Health Board (AMHB) for enhanced support services to pregnant women or parents with issues and for the Alberta Perinatal Health Program in communities in the Palliser Health Authority, Northwestern Regional Health Authority and through the Peigan Nation.
- Established the Health Sustainability Initiative (HSI) as a new cross-ministry initiative for 2002/2003 to address several of the recommendations in the *Premier's Advisory Council on Health Report* and to develop joint strategic capital priorities supporting health sustainability within available resources.
- Finalized 19 partnership projects involving development of 1,525 new long-term care beds.
- Earned one of Canada's most prestigious technology awards for Alberta Wellnet's development of a secure electronic health record for Albertans in which sharing of medication information (Pharmaceutical Information Network) is the first key component.

- Continued implementation of the Aboriginal Health Strategy to address disparity among aboriginal Albertans by providing $716,000 to 17 new Aboriginal community-based projects and $225,000 in bursaries to 53 Aboriginal students in health studies with the overall intent to enhance Aboriginal access to provincial health services.
- Contributed to the government's response to the Impact of Aging Study, and co-championed Alberta's Seniors Policy Initiative. Continued working with the Ministry of Alberta Seniors on the Healthy Aging Partnership Initiative (HAPI) which was transferred from Health and Wellness in March 2001.
- Advanced the Provincial Personal Health Identifier (PPHI) project for implementation in 2002/2003, to give stakeholders easy electronic access to provincial health identifiers.

Measures and results

While public self-rated knowledge of health services declined, the understanding by departmental staff of their contribution to the Ministry's success improved significantly.

Financial results and funding priorities

Maintenance of quality health services continued to be the focus in 2001/2002. However, the volatility of government revenue required a mid year adjustment to the government's 2001/2002 budget. For the Ministry this meant a $92.2 million reduction. To achieve this, the health authority base funding was reduced by $40 million and the $40 million set aside for the energy rebate was not released.

During this period, the Ministry expended $6.325 billion in 2001/2002. Of this amount, approximately 91 per cent was spent on health services provided by health authorities, physicians, other health practitioners and for drug benefits.

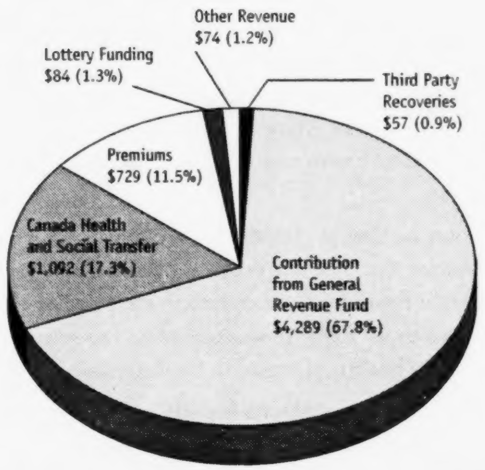
The $6.3 billion expense is an increase of $711.5 million or 12.7 per cent over 2000/2001. The increase ensured:

- Workforce compensation was adequately funded. Approximately 70 per cent of the total operating costs for the health sector were for salaries and benefits. New agreements with physicians, registered nurses and other health workers were provided for substantial compensation increases ($514.0 million).
- The increased demand for health services, provided by the health authorities, physicians and other health practitioners such as chiropractors and optometrists and for blood and blood products, was managed ($234.2 million).
- The demand for drug benefits and the addition of new drugs to the drug benefit list was met ($53.9 million).

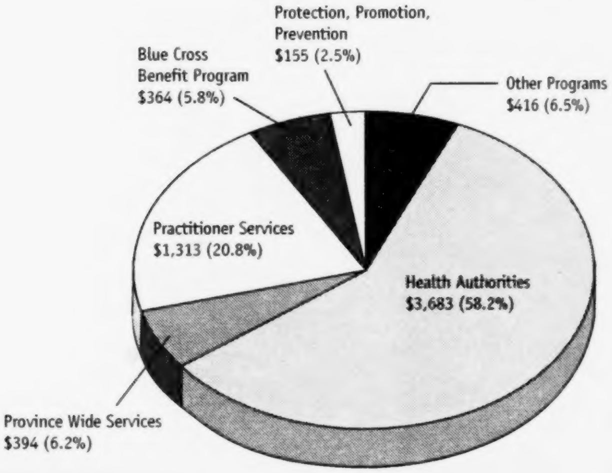
- Promotion and wellness activities continued to be a high priority ($33.5 million) with particular emphasis on children. A significant portion of the increased spending was for a province-wide meningococcal immunization program that was implemented for Albertans aged two to 24 years. In October 2001, this program was expanded to children 24 months and under when a new, safe, effective vaccine for this age group became available.

In 2001/2002 regional health authorities were provided $49.0 million for the purchase of medical equipment. This represents the second year of a $97.7 million funding commitment from the federal government for the purchase of high-tech equipment for diagnostic and treatment purposes. Overall, the total level of spending on capital equiment across health authorities was reduced in 2001/2002, at $111.9 million less than in the previous year.

There was a $11.7 million decrease for the provision of Health Care Insurance Premiums write-offs.



Sources of Funding



How Funding Was Spent

Total $6,325 Million

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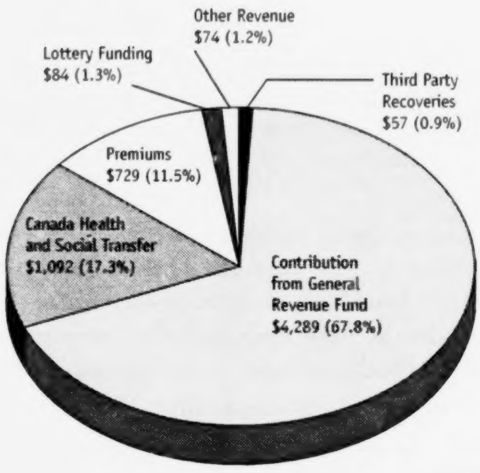
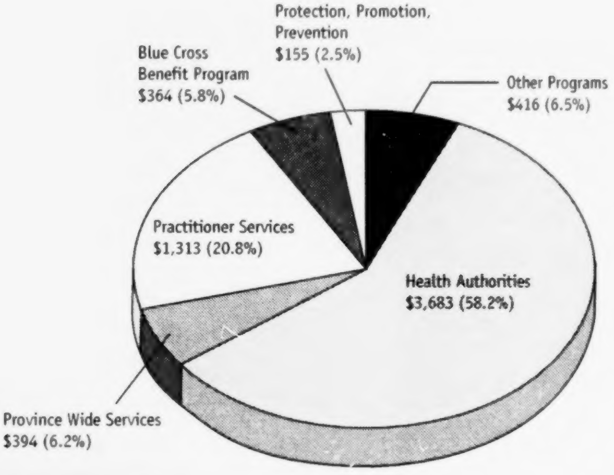


How Funding Was Spent



Total $6,325 Million

Communication with Albertans

Alberta Health and Wellness continued its efforts in 2001/2002 to consult with Albertans and to keep citizens well informed. This past year included the following:

- Alberta Health and Wellness released the annual *Alberta Health Survey Report* in July 2001. The Population Research Laboratory at the University of Alberta conducted the health survey in which 86 per cent of Albertans said the quality of care they received was good or excellent. The survey incorporated the views of 4,000 Albertans interviewed between May 17 to July 8, 2001.
- The Premier's Advisory Council on Health consulted with stakeholders in developing reforms for the public health care system. In January 2002 *A Framework for Reform, Report of the Premier's Advisory Council on Health* was released and made available to public.
- Alberta Health and Wellness distributed to Albertans, *Alberta: Health First,* as part of an information campaign encouraging Albertans to learn more about the challenges facing their health care system. A second publication *Alberta: Health First, Building a better public health care system,* provided Albertans with information on continuing health care reforms.
- Alberta Health and Wellness released the *Province Wide Services Annual Report on Activities and Outcomes* in June 2001. In addition to the basic health services provided by Alberta's seventeen regional health authorities, Province Wide Services represent a set of highly specialized interventions provided by the Capital and Calgary health regions, such as organ transplants and heart surgeries.
- In consultation with stakeholders, Alberta Health and Wellness developed the *Health Information Act.* The Act protects personal health information and grants the right for individuals to review their personal health records. An electronic Consent Registry was completed to record patient consent for the sharing of health information by electronic means.
- Working with the public and stakeholders, Alberta Health and Wellness is engaged in ongoing consultations with Aboriginal Albertans, their organizations/ associations and the regional health authorities to address the disparity between Aboriginal and non-Aboriginal health status.
- A vaccination information campaign was started in June 2001 to announce the inclusion of meningococcal immunization for children under 24 months. In July 2001 Alberta's routine immunization program added a chickenpox vaccine for one-year old children and immunized 12,621 children. Alberta Health and Wellness developed an information campaign including print and radio advertising to inform Albertans of the program.

- Alberta Health and Wellness worked closely with the Alberta Dental Association and College and the Alberta College of Medical Laboratory Technologists to develop regulations under the *Health Professions Act*. This involved extensive consultation with stakeholders, including employers, educators, and other professionals. These regulations were approved by government on December 31, 2001.

AUDITOR
GENERAL
Alberta

REPORT OF THE AUDITOR GENERAL ON THE RESULTS OF APPLYING SPECIFIED AUDITING PROCEDURES TO KEY PERFORMANCE MEASURES

To the Members of the Legislative Assembly:

I have performed the following procedures in connection with the Ministry of Alberta Health and Wellness key performance measures included in the *2001-2002 Annual Report of the Ministry of Alberta Health and Wellness.*

1. Information obtained from an independent source, such as Statistics Canada, was agreed with the information supplied by the stated source. Information provided internally was agreed to the reports from the systems used to develop the information.
2. The calculations that converted source information into reported measures were tested.
3. The appropriateness of the description of each measure's methodology was assessed.

As a result of applying the above procedures, I found no exceptions. However, these procedures do not constitute an audit of the set of key performance measures and therefore I express no opinion on the set of key performance measures included in the *2001-2002 Annual Report of the Ministry of Alberta Health and Wellness.*

Fred J Dunn CA
Auditor General

Edmonton, Alberta
August 2, 2002

Message from the Deputy Minister

Each year brings with it new challenges and new opportunities, and this past year was no exception. We continued to face the ongoing challenge of rising health care costs, as we adopted new approaches to those challenges. In 2001/2002, building a sustainable public health care system was the goal. In meeting this goal, my department and I worked together with Alberta's health community developing and implementing the initiatives and programs necessary to build the foundation for a sustainable public health care system.

Health care remained the top priority for Albertans, and Health and Wellness recognized the importance of keeping Albertans informed. The province-wide release of *Alberta: Health First* and *Alberta: Health First, Building a better health care system* allowed readers to learn first hand of initiatives affecting their health care system.

We continued to work effectively with our partners in health. Our department co-ordinated and oversaw the first ever election of health authority members. For our contribution to this project, Alberta Health and Wellness received a Premier's Award of Excellence for outstanding work by a public service team. The election of board members provided further accountability for service delivery in the health regions.

With our provincial partners, we developed and implemented a provincial organ donation and transplant strategy. By co-ordinating and enhancing organ and tissue donation rates and standardizing priorities for organ allocation, more organs and tissue should be available. We promoted wellness as a significant strategy toward a healthy population and a sustainable public health care system. Alberta Health and Wellness assisted the regional health authorities in designing a plan to promote health and prevent disease and injury. Between 1996 and 2000, we improved immunization rates by two per cent, reducing the cases of measles, mumps and rubella. The addition of seven new MRI scanners throughout the regional health authorities enabled MRI service volumes to increase to over 70,000 in 2001/2002. We continued to ensure the vulnerable in our society received the specific care they need. By developing the framework and guidelines for a public-private partnership for long-term care, 19 partnership projects were formed resulting in 1,518 new long-term care beds. Alberta Wellnet continued to roll out the senior's drug profile information system. The system provides the medication history of seniors in 103 facilities throughout Alberta improving diagnosis and treatment quality, especially when patients cannot recall the medication they are taking.

We recognized that technology needs safeguards and through the *Health Information Act* established an electronic consent registry to record patient consent for the sharing of health information by electronic means.

The quality of service throughout the department continued to improve. An independent survey reported that Albertans using the Customer Service and Registration Branch, the primary link between the public and the Alberta Health Care Insurance Plan, were very satisfied with the service they received. Department staff reported a greater feeling of job satisfaction. Of those canvassed, 95 per cent reported an excellent or good understanding of how their work contributes to the department business plan.

The past year provided us with the necessary foundation to build a sustainable health care system. We continued to build on our relationships with our health care partners, and developed a greater sense of satisfaction and teamwork within the department. It was an encouraging past year that prepares us to meet the future.

Shelley Ewart-Johnson
Deputy Minister
Alberta Health and Wellness

Core Businesses

Alberta Health and Wellness engages in two core businesses:

- **Lead and support a system for the delivery of quality health services**
  A system of quality health services is in place for Albertans who are medically fragile, injured, ill or in need of diagnosis, treatment or support. Responsibility for delivering those services rests with health authorities, agencies and individual practitioners, while the Ministry demonstrates leadership in setting direction, policy and provincial standards to ensure quality services. Key Ministry roles are to set priorities based on health needs and determine the scope of required financial, capital and human resources, as well as measure and report on the performance of the system. For 2001/2002, the Ministry expended $6.146 billion on this core business.
- **Encourage and support healthy living**
  A primary focus of our health system is to support and encourage the wellness and health of Albertans. We are directed to address risks to health, and to enable Albertans to make informed decisions about their health. Where knowledge and early intervention can make a difference, programs to promote and protect health and prevent disease and injury are provided through regional health authorities and provincial agencies. The Ministry also contributes to cross-ministry initiatives that address factors influencing human health. For 2001/2002, $179.0 million was spent to support this core business.

Four goals support our two core businesses:

Goal 1: To sustain and improve the delivery of accessible, effective, quality health services to Albertans who need them.

Goal 2: To improve the health and well-being of Albertans through provincial strategies for protection, promotion and prevention.

Goal 3: To support and promote a system for health.

Goal 4: To optimize the effectiveness of the Ministry.

The following four sections provide information about the Ministry of Health and Wellness actions and key achievements in 2001/2002 for each goal. Each section also contains Key Performance Measures and Results indicators for each goal.

Goal 1: To sustain and improve the delivery of accessible, effective, quality health services to Albertans who need them.

Primary responsibility for delivery of health services rests with health authorities and health practitioners. The Ministry of Health and Wellness promotes continuous improvement and innovation to ensure delivery of health services that meet high standards, achieve positive health and wellness outcomes and address the needs of Albertans.

The Ministry:

- works with health authorities to ensure appropriate investment and management of provincial resources through review and approval of business plans and capital plans.
- administers registration of Albertans for health care insurance and operates the claims payment system for practitioners, Aids to Daily Living (AADL) suppliers, ambulance operators and other services.

Action and Achievements

Action: **Set new strategic directions to ensure an integrated, sustainable system for health, with emphasis on the primary health care sector.**

Achievements:

- Provided $10.9 million through the Health Innovation Fund to support 45 health service delivery projects, including 29 with a primary health care focus. Examples included developing multi-disciplinary primary health care teams to control asthma and chronic diseases in children, and providing continual Telecare service to a practice of 11,000 patients.
- To advance primary health care reform, a series of booklets, newsletters and a video were developed from the 27 Umbrella Alberta Primary Health Care Project initiatives carried out through the federal government's Health Transition Fund to widely share the key learnings of primary health care as a model, on multi-disciplinary teams and on improving access, integration and quality.

Action: **Initiated key policy directions driven by the recommendations of the Long-Term Care Review.**

Achievements:

- Initiated key policy direction to modify and enhance continuing care services to implement the 'aging in place' philosophy. Requirements were provided to regional health authorities for the development and submission of Ten-Year Continuing Care Strategic Plans.
- Developed and updated regional continuing care projections to support Ten-Year Continuing Care Strategic Service Plans.
- Developed processes for improved, co-ordinated province-wide access to continuing care services, including seven-day-a-week entry and new wait list management processes to divert clients to alternatives.
- Established a competency profile for continuing care support staff and initiated work on training modules and resource materials, part of comprehensive efforts to recruit, retain and train the required personnel.
- Implemented a 14 per cent increase in the accommodation rate for long-term care facilities to address inflationary increases in the cost of providing room and board in these facilities.

Action: **Significant progress in the expansion of the Alternate Payment Plan (APP) and Alternate Funding Plan (AFP) programs.**

Achievements:

- Two new projects were implemented bringing the total number of physicians involved in APPs to approximately 80 across seven projects.
- Eleven other APPs involving approximately 250 physicians and four AFPs involving over 200 academics physicians are in varying stages of development.
- 38 applications from physicians for funding from the Medical Services Delivery Innovation Fund for APP development received preliminary approval.

Action: **Joint management of the AMA/AHW Master and Amending Agreements and the $1.14 billion Medical Services Budget.**

Achievements:

- The AMA/AHW Master and Amending Agreements were successfully managed. Under the agreements the:
  - Physician Office System Program was established to facilitate the development and implementation of physician office automation through financial assistance, information technology delivery support and change management support. With a $15 million budget over two years, 1047 physicians were selected in 2001/2002 to take part in the program.
  - Default price adjustment mechanism, implemented by mutual agreement in November 2001, caused physician payments to stay within the Medical Services Budget of $1.14 billion for the fiscal year.
  - Rural Specialist Locum program, implemented in the summer of 2001, enabled specialists in smaller urban centers to pursue continuing medical education and take personal leaves.

Number of Physicians in Alberta

The number of physicians participating in AHCIP has increased steadily since 1996.

	1997/1998	1998/1999	1999/2000	2000/2001	2001/2002
Physicians per 1,000 Albertans	1.52	1.54	1.58	1.63	1.67
Number of Physicians	4,268	4,442	4,641	4,857	5,079

Source: Alberta Health Care Insurance Plan (AHCIP).

Mid-year population for 1997/1998 to 2001/2002 taken from Population Registry as of September 30 of each fiscal year. Number of physicians is taken from the number compensated through the AHCIP. There are additional physicians practising in Alberta who are not compensated through AHCIP.

Action: **Implementation of the *Health Professions Act*.**

Achievements:

- The *Health Professions Act* was proclaimed in force on December 31, 2001 and regulations for two of the 28 regulatory colleges established under the Act (Dentists and Medical Laboratory Technologists) were approved by

Lieutenant Governor in Council. The Act establishes a uniform structure for the governance of regulated health professions in Alberta and replaces the legislated scopes of exclusive practice with a model based on "restricted activities," or services that only authorized persons may provide.

Action: **Ensured reasonable access to and appropriate use of prescribed drugs.**

Achievements:

- The Pharmaceutical Information Network (PIN) was piloted in the communities of Westlock and Leduc in spring 2002. The Network allows electronic exchange of medication information and includes an electronic record of the medications prescribed and dispensed to a patient. Participating physicians, pharmacists and health care facilities can access the record with a patient's consent. The system also includes drug-to-drug interaction checking and other decision support and reference tools for prescribing and dispensing medication.
- The Seniors Drug Profile information system has increased the number of health services providers with electronic access to the medication history of seniors. The number of patient drug profiles accessed in the last six months of the fiscal year grew by 38 per cent in comparison to the previous year.
- Twelve new prescription drugs were added to the Alberta Health and Wellness Drug Benefit List, on the advice of the Expert Committee on Drug Evaluation and Therapeutics. These new prescription drugs offered significant advances in the treatment of hypertension, bacterial infections, Parkinson's disease, depression, amyotrophic lateral sclerosis (ALS) and hepatitis C. The Ministry also entered into two product listing agreements with three pharmaceutical companies, as a mechanism to ensure higher cost prescription drugs were used appropriately for targeted populations and approved indications.

Seniors Drug Profile

The Seniors Drug Profile gives health service providers access to information about the medications prescribed to Alberta seniors. This improves diagnosis and treatment quality, especially when patients accurately recall which medications they are currently taking. These results show rapid increase in the implementation and use of this system.

	March 31, 2000	**March 31, 2001**	**March 31, 2002**
Number of health facilities	23	86	103
Number of sites, including home care sites	50	418	626
Number of drug profiles accessed (6 months – Sept 30 to Mar 31)	6,626	27,071	37,420

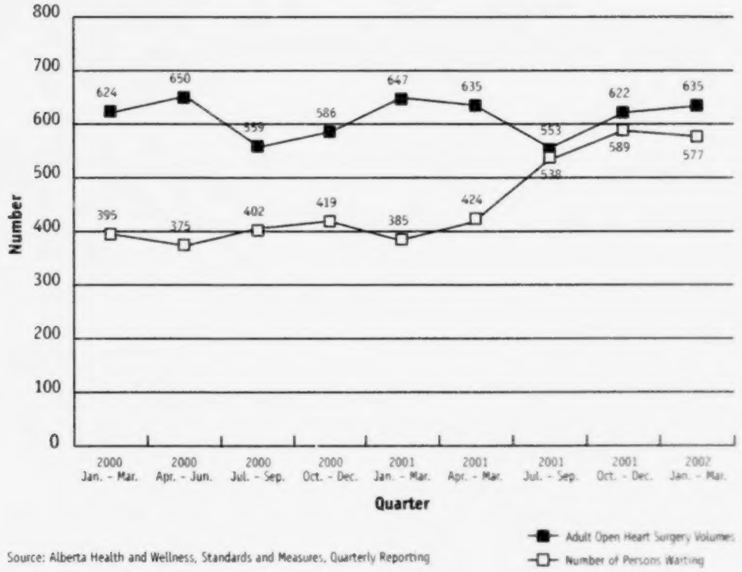
Source: Alberta Wellnet

Action: **Improved access to province-wide or essential services.**

Achievements:

- Province Wide Services funding to the Calgary and Capital regional health authorities for key specialized services was increased by 23.1 per cent from the previous year. This ensured that life-saving procedures such as kidney dialysis and heart surgeries were there for Albertans. The funding also included new money for:
  - emerging neuromodulation therapies involving the surgical implantation of a number of advanced neurosurgical devices;
  - dialysis prevention involving multiple strategies to delay progression of overt renal disease in the high risk population; and
  - islet cell transplantation – an exciting new technology of which Alberta is at the forefront, involving an effective cure for a certain subset of diabetes patients.

Alberta — Adult Open Heart Surgery Volumes and Number of Persons Waiting
January – March 2000 to January – March 2002



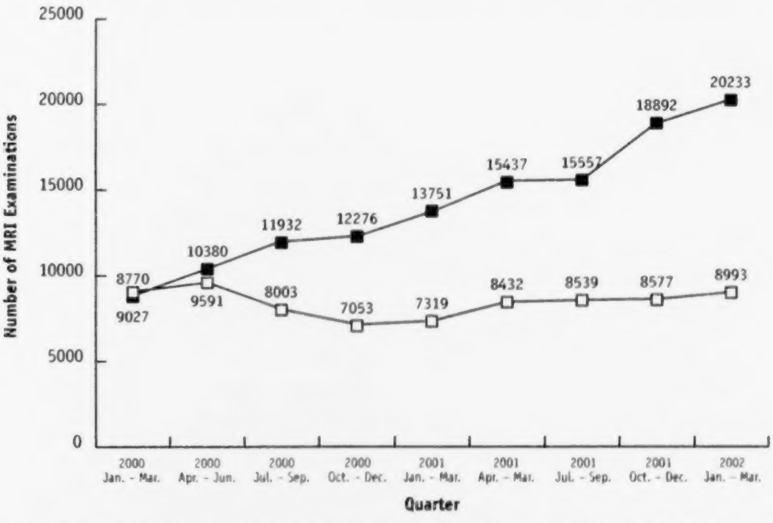
Source: Alberta Health and Wellness, Standards and Measures, Quarterly Reporting

- In April 2001, a comprehensive provincial magnetic resonance imaging (MRI) strategy to improve Albertans' access to MRI services was implemented. Key results were:
  - Addition of seven new MRI scanners bringing the total to 15 public scanners.
  - Provided additional targeted funding of $13 million to regional health authorities to enable MRI service volumes to increase to over 70,000 in 2001/2002, very close to the target volume of 73,000 MRI scans a year or 24 scans per 1,000 Albertans, the highest rate in the country.

– Appointment of MRI review committee which reviewed 2,956 applications, of which 2,640 received reimbursement for privately purchased MRI services received prior to April 9, 2001.

– Increase in training spaces for MRI technicians.

Province — Number of MRI Examinations Performed and Number of Persons Waiting for an MRI January – March 2000 to January – March 2002



Data includes: Calgary and Capital; Chinook Regions; David Thompson (April - June 2000 and after); Mistahia (Feb. - March 2001 and after); Palliser April - June 2001.

Source: Alberta Health and Wellness, Standards and Measures, Quarterly Reporting

Action: **Provided the secretariat for an MLA Review of Ambulance Services, chaired by Harvey Cenaiko, MLA Calgary Buffalo.**

Achievements:
- The draft report explored the options for the governance and delivery of ambulance services as well as the feasibility of 'essential services' designation. The draft report, 'Patient-Focused Emergency Medical Services', was submitted to three ministries — Health and Wellness, Human Resources and Employment and Municipal Affairs.

Action: **Continued to enhance Telehealth services in collaboration with health authorities and health providers to improve access to specialists and continuing medical education in smaller and rural communities.**

Achievements:
- All regional health authorities and the two provincial boards were participating in Telehealth by the end of 2001/2002, enabling physicians and other health service providers in rural and remote communities to consult with specialists in urban centres for diagnostic and treatment advice, as well as providing continuing education opportunities.

Telehealth Implementation – Progress

Telehealth installations enable physicians and other health service providers in rural and remote communities to consult with specialists in the urban centres for diagnostic and treatment advice.

	March 2000	March 2001	March 2002
Video Conference Sites	52	70	147
Teleradiology Sites	2	19	21

Source: Alberta Wellnet

Action: **Supported research for innovation and evidence-based decision-making.**

Achievements:

- Alberta Health and Wellness invested approximately $14 million in Alberta-based research programs, including those sponsored by the Alberta Heritage Foundation for Medical Research, Alberta Cancer Board, Health Services Utilization and Outcomes Commission, Institute of Health Economics, Alberta Alcohol and Drug Abuse Commission (AADAC), Alberta Clinical Practice Guidelines Program, and the provincial public health laboratories.
- Key areas of departmental interest include applied health services research, and supporting the information and evidence needs of the Ministry and the broader health system in the areas of policy development and health system improvement, reform and innovation. Details about research activity and outcomes can be obtained by contacting any of the organizations listed above.

Action: **Established the Health Services Utilization and Outcomes Commission.**

Achievements:

- Mandate and terms of reference are in place for the commission to monitor and report on the health system's performance and the quality of services it offers. The Commission will also issue regular public reports on health services to Albertans. The name and role of the previous Health Services Utilization commission was revised in response to the recommendations of the report from the Premier's Advisory Council on Health.

Action: **Worked to develop and implement a provincial organ donation and transplant strategy.**

Achievements:

- Established the Organ and Tissue Interim Implementation Committee, on the recommendations of the Alberta Advisory Committee on Organ and Tissue Donation and Transplantation; initiated a national and local environmental scan of current activity in the field of organ and tissue donation and transplantation. Co-ordinating and enhancing organ and tissue donation rates and standardizing priorities for organ allocation are directed to making more organs and tissues available to those in need.

Action: **Supported acquisition of high-technology medical equipment for essential services, including medical, surgical, dialysis and imaging equipment.**

Achievements:

- Screened and approved $48.9 million for patient diagnostic and treatment technology and medical equipment for health authorities and agencies.

Key Performance Measures and Results

Measure 1.A **Wait lists and/or wait times for MRI, joint replacement, heart surgery, cancer therapy, and long-term care.**

a) hip or knee replacement average wait times
Target (2002) = 4 months average

b) heart surgery/angioplasty average wait times
Target (2002) = 1 to 6 weeks, depending on urgency

c) cancer radiation therapy average wait times
Target (2002) = 4 weeks

d) MRI wait list
Target (2002) = decreased wait list

e) Long-term care facility admission wait list
Target (2003) = decreased wait list

Rationale: Waiting for health services is one measure of whether the health system is providing reasonable access to needed health services. Very urgent need receives immediate response, while less urgent cases are placed on waiting lists according to the level of need. In recent years, Alberta Health and Wellness has developed a process for quarterly reporting of the number of persons waiting and/or the length of time spent waiting for these specified services.

Results

a) Hip and knee replacement surgery	**2000/2001**				**2001/2002**				**Target**
	Q1	**Q2**	**Q3**	**Q4**	**Q1**	**Q2**	**Q3**	**Q4**	**2002**
Total number waiting at quarter's end	1984	2215	2315	2497	2428	2624	2754	2710	—
Average wait time in months	4.7[*]	4.6[*]	4.0	4.3	4.3	4.9	4.6	5.0	**4 months**

Source: Alberta Health and Wellness: Regional Health Authorities Quarterly Reporting system.
Note: Provincial average waiting time estimates are based upon mean waiting times reported by six of seven service RHAs (Chinook excluded)
[*] these two quarters also exclude Capital Health Authority

Discussion: The number of persons waiting for hip or knee replacement surgery has increased slowly during this two-year period, while the average waiting time estimate has ranged from 4.0 to 5.0 months, slightly above the 2002 target.

b) Adult open heart surgery		**2000/2001**				**2001/2002**				**Target**
		Q1	**Q2**	**Q3**	**Q4**	**Q1**	**Q2**	**Q3**	**Q4**	**2002**
Total number waiting at quarter's end		375	402	419	385	424	538	589	577	—
Median wait times in weeks										
Urgent in-patient	Calgary	0.9	1.0	1.1	1.0	1.0	1.1	1.0	1.0	**1 week**
	Capital	1.1	1.0	1.4	1.4	1.4	1.9	1.4	1.7	—
Urgent outpatient	Calgary	14.0	14.7	14.4	18.0	13.3	16.4	16.9	17.4	**2 weeks**
	Capital	12.5	17.5	18.0	15.6	14.1	16.4	15.9	21.9	—
Planned outpatient	Calgary	10.6	11.7	13.9	15.0	12.0	15.3	12.9	14.9	**6 weeks**
	Capital	18.2	19.5	21.1	18.9	15.6	16.7	21.4	20.4	—

Source: Alberta Health and Wellness: Regional Health Authorities Quarterly Reporting system.
Note: Angioplasty waiting time results are not reported, since they are only available from Capital Health Authority.

Discussion: The number of persons waiting for heart surgery has increased steadily over the past year. Average waiting times for heart surgery have been at, or close, to target for urgent in-patients, but above target for the two outpatient groups.

c) Cancer radiation therapy: **Average wait time**		**2000/2001**				**2001/2002**				**Target**
		Q1	**Q2**	**Q3**	**Q4**	**Q1**	**Q2**	**Q3**	**Q4**	**2002**
Breast cancer	Cross	13.0	6.5	6.5	7.5	6.5	7.0	8.5	9.5	**4 weeks**
	Tom Baker	9.5	9.5	4.0	1.5	2.0	6.0	5.0	6.0	—
Prostate cancer	Cross	23.0	17.0	15.5	12.5	9.5	15.0	16.0	11.5	**4 weeks**
	Tom Baker	10.0	8.0	10.0	6.0	7.0	11.0	6.0	5.0	—

Source: Alberta Health and Wellness: Regional Health Authorities Quarterly Reporting system. Data are provided by Alberta Cancer Board.

Discussion: Over the past two years, average waiting times for radiation therapy for breast or prostate cancer have remained above the four week target time.

d) MRI diagnostic tests: Number of persons waiting and scan performed	**2000/2001**				**2001/2002**				**Target**
	Q1	**Q2**	**Q3**	**Q4**	**Q1**	**Q2**	**Q3**	**Q4**	**2002**
MRI waiting list	9591	8003	7053	7319	8432	8539	8577	8993	**Decreasing**
MRI scans performed	10380	11932	12276	13751	15437	15557	18892	20233	—

Source: Alberta Health and Wellness: Regional Health Authorities Quarterly Reporting system.

Discussion: The number of persons waiting for an MRI scan decreased during 2000/2001, but has increased steadily during 2001/2002, despite a substantial increase in the volume of MRIs performed in Alberta.

e) Long-term care facility admission:	**2000/2001**				**2001/2002**				**Target**
Number of Persons Waiting	**Q1**	**Q2**	**Q3**	**Q4**	**Q1**	**Q2**	**Q3**	**Q4**	**2003**
In acute care hospital	259	388	373	385	406	465	394	351	**Decreasing**
Urgent in community	309	392	421	377	439	434	417	377	**Decreasing**

Source: Alberta Health and Wellness: Regional Health Authorities Quarterly Reporting system.
Note: Revised 2000/2001 results from prior annual report.

Discussion: The number of persons waiting for long-term care placements was higher than in the previous year for the first half of 2001/2002, but has decreased in the final two quarters to levels slightly lower than in 2000/2001.

The Ministry continues to monitor progress and publish regular reports on these wait lists (reports can be found on the Alberta Health and Wellness web-site: www.health.gov.ab.ca).

Several new developments are underway which will have an impact on information about waiting for health services. In response to recommendations from the Premier's Advisory Council on Health (January, 2002), we are developing new information systems to support detailed web site reporting of waiting lists and waiting times, and to support the proposed "90-day wait guarantee" policy for selected procedures.

Source: Alberta Health and Wellness: Regional Health Authorities Quarterly Reporting system. Health Authorities send quarterly reports to the Ministry. Ministry staff compile provincial statistics from these reports.

Measure 1.B Ratings of ease of access to health services

The percentage of Albertans who report that access to health services is "easy" or "very easy."

Target (2002) = 75 per cent

Rationale: Access to publicly funded health services is a fundamental principle for the health care system. Health services are made available to all Albertans through the public health system, and the Ministry's goal is to achieve reasonable access for all.

Results

	1998	**1999**	**2000**	**2001**	**2002**	**Target 2002**
Ease of access to health services (percentage responding *easy* or *very easy*)	73	73	64	64	62	75

Source: Alberta Health Survey, 1998 – 2002.

Discussion: Ratings of ease of access to health services remain below target levels. When asked what makes access difficult, most people mention long waits for appointments with physicians. Although the ratio of physicians per population has been increasing over the past several years, this increase has not yet had a sufficient impact on ratings of access.

Related questions in the Alberta health survey yield more specific results. When asked about specific services, Albertans report easy or very easy access to family physicians (86 per cent), specialist physicians (77 per cent), and services in hospitals (73 per cent). These results are near or higher than the Ministry target.

Source: Alberta Health and Wellness Survey (annual). Data are collected through a telephone survey of 4,000 randomly-selected Alberta households. The survey is commissioned by Alberta Health and Wellness and is conducted by the Population Research Laboratory at the University of Alberta; the response rate for the survey has ranged from 77 to 84 per cent in recent years. Results for the entire sample are accurate within two per cent 19 times out of 20. Adult Albertans are asked: "How easy or difficult it is for you to get the health care services you need when you need them? Would you say it is: very easy, easy, a bit difficult, or very difficult?" The measure is the percentage of people who respond "easy" or "very easy."

Measure 1.C **Ratings of quality of service received: (a) overall, and (b) in hospital.**

The percentage of people who reported that the overall quality of care they received was "excellent" or "good." Target (2003) = 90 per cent

The percentage of people who reported that the quality of care they received in hospital was "excellent" or "good." Target (2003) = 85 per cent

Rationale: Our goal is to ensure provision of high quality health services. These key measures reflect views of Albertans about the quality of services they received, based on their experiences with the health system.

Results

Measure	**1998**	**1999**	**2000**	**2001**	**2002**	**Target 2003**
Quality of Care Personally Received (percentage responding ***good*** or ***excellent***)	86	78	86	86	86	**90**
Quality of Care Received in Hospital (percentage responding ***good*** or ***excellent***)	81	74	83	80	81	**85**

Source: Alberta Health Survey; 1998 – 2002.

Discussion: Albertans continue to receive high quality health services; the results for 2002 are not significantly different from those reported since 2000. Many of the Ministry's actions and achievements directly affect the quality and effectiveness of health services. Funding ensures the appropriate levels of health professionals, staff, equipment, medications and supplies. Through legislation such as the *Health Professions Act* and the *Hospitals Act*, we ensure that health professionals are highly skilled and professional in their interactions with patients, and that health facilities are managed appropriately.

Source: Alberta Health and Wellness Survey (annual). Data are collected through a telephone survey of 4,000 randomly-selected Alberta households. The survey is commissioned by Alberta Health and Wellness and is conducted by the Population Research Laboratory at the University of Alberta; the response rate for the survey has ranged from 77 to 84 per cent in recent years.

Adult Albertans who report that they have obtained health services during the past 12 months (approximate sample of 3,000 each year) are asked: "Overall, how would you rate the quality of care you personally have received in the past 12 months? Would you say it was: excellent, good, fair or poor?" The measure is the percentage of people responding "excellent" or "good." Results for this measure are accurate within 2 per cent 19 times out of 20.

Respondents who report having received health services at a hospital within the past 12 months are asked: "How would you rate the quality of care you most recently received at the hospital? Would you say it was: excellent, good, fair or poor?" The measure is the percentage of people responding "excellent" or "good." Results for this measure are accurate within 3 per cent 19 times out of 20.

Measure 1.D Patient satisfaction with the way service was provided.

The percentage of persons who received a health service and who are satisfied with the way the service was provided. (Percentage responding "somewhat satisfied" or "very satisfied.")

Target (2003) = Increasing trend

Note: a target of 90 per cent was set for this measure in the 2002/2003 to 2004/2005 Three-Year Ministry Business Plan.

Rationale: It is important to Albertans that health services are provided in a way that respects the dignity of each person. For example, it is important that health providers are friendly, are good listeners, answer questions and perform their duties in an efficient and professional manner.

Results

Measure	2001	2002	Target 2003
Percentage satisfied with the way services were provided	88	86	90

Source: Alberta Health Survey, 2001, 2002.

Discussion: Generally, Albertans are very satisfied with the way health services are provided; 64 per cent of the respondents were rating their satisfaction with services provided by a physician. Satisfied patients most often mentioned "efficient and timely service." Only about eight per cent were dissatisfied: these patients most often mentioned their reasons for dissatisfaction as "waiting too long for service" or reported that the service was "rushed."

Source: Alberta Health and Wellness Survey (annual). Data are collected through a telephone survey of 4,000 randomly-selected Alberta households. The survey is commissioned by Alberta Health and Wellness and is conducted by the Population Research Laboratory at the University of Alberta; the response rate for the survey has ranged from 77 to 84 per cent in recent years. Results for the entire sample are accurate within two per cent, 19 times out of 20.

Adult Albertans who report that they have obtained health services during the past 12 months (approximate sample of 3,000 each year) are asked: "How satisfied were you with the way the service was provided to you? Were you: very satisfied, somewhat satisfied, neither satisfied nor dissatisfied, somewhat dissatisfied, or very dissatisfied?" The measure is the per cent responding "very satisfied" or "somewhat satisfied."

Goal 2: To improve the health and wellness of Albertans through provincial strategies for protection, promotion and prevention.

The health and wellness of individuals is determined by a number of factors: including genetic endowment, early childhood development, education, environment, and employment status, as well as personal decisions about lifestyle behaviours. The services and supports available through the health system are relatively minor factors in the well-being of individuals, though they are essential when needed. Access to accurate and timely information helps Albertans make wise choices that prevent disease or injury and safeguard their own health, wellness and quality of life.

Action and Achievements

Action: **Enabled regional health authorities to enhance health promotion and disease and injury prevention initiatives related to children and their families.**

Achievements:

- Directed $6.35 million to regional health authorities to help plan and implement Action for Health strategies to promote health and prevent disease and injury. Funding included $1.85 million targeted to improve a range of existing programs and services for children and implement several new programs for children.
- Increased the capacity to diagnose and manage children and youth with Fetal Alcohol Syndrome (FAS) in the Capital Health Authority and the Calgary Health Region by providing grant funding for FAS diagnostic clinics. The Ministry also initiated an assessment to determine the capacity within the province to diagnose FAS.

Action: **Enhanced immunization strategies and implemented a longer-term immunization plan as part of a national strategy.**

Achievements:

- Concluded a province-wide meningococcal immunization campaign in several phases up to March 31, 2002 for individuals two months to 24 years of age. Improved immunization rates for measles, mumps and rubella vaccines by two per cent over the past five years.
- Diphtheria, tetanus, polio and haemophilus influenza b (Hib) coverage is 79 per cent and has remained the same over the last two years. Coverage rates remain below national and provincial targets, especially in remote areas of the province and among specific groups.

Action: **Implemented, monitored and supported provincial population-based screening programs.**

Achievements:

- Developed a population-based public health model for screening. Development of an information system and implementation plans for both cervical and breast cancer screening are in progress. The Ministry also supported Alberta Cancer Board programs by providing data such as mortality information for the Alberta Cancer Registry and helping with analysis of breast cancer screening data. The development of a cervical cancer screening program is in progress.

- The Newborn Metabolic Screening Program was enhanced with a computer application to ensure all of the 40,000 infants born in Alberta received metabolic testing and if required, received follow-up.

Action: **Reduced the health risks associated with tobacco use by developing and implementing a comprehensive Alberta Tobacco Reduction Strategy.**

Achievements:

- Announced commitment of $11.7 million starting in 2002/2003 to encourage Albertans to reduce their use of tobacco products. Included was $8.7 million budgeted by AADAC on education and cessation activities to complement increased tobacco taxes, and $3 million allocated to the Ministries of Revenue and Gaming for tobacco tax enforcement.

Action: **Worked to develop a provincial diabetes prevention strategy.**

Achievements:

- Established the Alberta Diabetes Prevention Strategy Working Group to develop a provincial diabetes prevention strategy. Consulted key stakeholders to develop a draft provincial strategy for diabetes prevention. The draft strategy is under review.

Action: **Conducted health surveillance and assessed and reported on health trends in selected high priority areas.**

Achievements:

- The first significant rate decline for invasive meningococcal disease was recorded since the outbreak was first reported at the end of December 1999.
- The incidence rate for E. coli was down in 2001 compared to the year before.
- The rate for measles was down, reaching one of its lowest levels in the past five years, primarily among susceptible young adults who are not immunized.
- The rates of AIDS infections decreased, while gonorrhea showed a sharp rise due to cluster outbreaks in the Capital region.
- The rate of tuberculosis disease continued its downward trend of the last five years, which is largely attributable to ongoing active surveillance and case management. Similarly, the rate of pertussis continues to show a decline over the same period.

Communicable Disease	**1996**	**1997**	**1998**	**1999**	**2000**	**2001****
AIDS*	2.8	1.9	0.8	1.4	1.6	**1.1**
E.coli 0157	5.8	6.8	9.0	6.6	10.9	**9.5**
Gonorrhea	17.2	14.6	18.5	18.3	19.8	**27.0**
Invasive meningococcal	0.2	0.1	0.2	0.1	2.6	**2.0**
Measles	0.3	8.8	0.04	0.6	4.1	**0.2**
Pertussis	41.2	27.6	26.3	28.2	15.6	**11.0**
Tuberculosis	5.1	5.9	5.5	5.1	4.5	3.9

*AIDS rates are based on year of report. All other counts are for calendar year.

Source: Alberta Health and Wellness: Notifiable Diseases, HIV / AIDS and TB databases. Rates are based on mid-year population from the Alberta Health Registry files.

**Preliminary data

Action: **Addressed water quality questions in collaboration with a broad range of stakeholders — including regional health authorities, Health Canada, Alberta Environment, Alberta Infrastructure and the Provincial Laboratories of Public Health.**

Achievements:

- Established a committee and a process for the development of a province-wide emergency response protocol for water quality incidents and a field manual for inspecting and investigating private and communal drinking water systems. The protocol and field manual will be designed to enhance effective response to emergencies and contribute to more efficient use of laboratory support and resources. This will include facilitating special information sessions related to drinking water issues.

Action: **Collaborated with partners to implement injury and suicide prevention initiatives.**

Achievements:

- Collaborated with the Alberta Centre for Injury Control and Research to provide core support services in programming, research, surveillance, evaluation, information sharing and education.
- Collaborated with Alberta Occupant Restraint Program (AORP) strategies to influence knowledge of, and attitudes and behaviours towards occupant restraints, in order to increase restraint use by people of all ages.
- Recorded gains in the rate of seat belt use in rural Alberta.

Action: **Supported Alberta community agencies' HIV/AIDS programming through a community, provincial and federal initiative called the Alberta Community HIV Fund (ACHF).**

Achievements:

- Distributed $2.145 million to 17 community HIV/AIDS service organizations and 12 community projects.

Action: **Provided leadership in human health impact assessments.**

Achievements:

- Conducted Community Exposure and Health Effects Assessment programs in Fort McMurray, Fort Saskatchewan and Grande Prairie. Reviewed six Environmental Health Impact Assessments from a public health perspective.

Other activities:

- Led development and implementation of a process to review fish consumption advisories in Alberta, within the context of a pilot project with Weyerhaeuser Canada Ltd.
- Supported analysis of First Nations and Metis health data to provide strategic information on populations with increased health needs.
- Supported development of a province-wide injury surveillance system linked to the National Health Surveillance System, led by the Alberta Centre for Injury Control and Research.

Action: **Continued to develop and enhance a provincial plan to respond to a pandemic (global) influenza outbreak.**

Achievements:

- Worked with stakeholders to develop a provincial Pandemic Influenza Contingency Plan to ensure that Alberta's health care system is prepared to provide adequate prevention and treatment for Albertans in the event of an influenza pandemic which is likely to occur within the next five to 10 years.
- The provincial plan will become part of the Canadian Contingency Plan. Key elements of the provincial plan will ensure a timely supply and distribution of vaccine and medication, adequate treatment facilities and health personnel, and keeping Albertans informed during the crisis.

Action: **Enhanced community-based services for adults and children with mental health needs.**

Achievements:

- Partnered with the Alberta Mental Health Board (AMHB), regional health authorities, other government ministries and community stakeholders to develop integrated draft policy frameworks and action plans for children's mental health and forensic diversion programs. Provided supported for significant mental health promotion and children's mental health promotion campaigns to reduce stigma and encourage individuals to seek help.

Key Performance Measures and Results

Measure 2.A Self-reported health status

Percentage of Albertans ages 18 – 64 who report that their health is either excellent or very good.
Target (2003) = 70 per cent

Percentage of Albertans ages 65+ who report that their health is excellent, very good, or good.
Target (2003) = 80 per cent

Rationale: Self-reported health status is a good indicator of the health and well-being of Albertans, and is accepted nationally and internationally as a means of reporting on population health. How people rate their own health is affected by a variety of factors, including chronic disease, disability, temporary illness and mental health.

Results

	1998	1999	2000	2001	2002	Target 2003
Age 18 – 64 (percentage reporting excellent or very good health)	67	67	66	63	63	**70**
Age 65+ (percentage reporting excellent, very good, or good health)	71	78	79	72	78	**80**

Source: Alberta Health Survey, 1998- 2002.

Discussion: Self-reported health status among the 18-64 years age group was unchanged in 2002, compared with 2001, while the self-reported health of persons aged 65 years and older increased to levels reported in 1999 and 2000.

Source: Alberta Health and Wellness Survey (annual). Data are collected through a telephone survey of 4,000 randomly selected Alberta households. The survey is commissioned by Alberta Health and Wellness and is conducted by the Population Research Laboratory at the University of Alberta; the response rate for the survey has ranged from 77 to 84 per cent in recent years. Results for the entire sample are accurate within two per cent 19 times out of 20.

Adult Albertans are asked: "In general, compared with other people your age, would you say your health is: excellent, very good, good, fair, or poor." Sample size for the 18 – 64 age group is about 3,450, and estimates for this sample are accurate within about two per cent 19 times out of 20. Sample size for the age 65+ group is about 550, and these estimates are accurate within about four per cent 19 times out of 20.

Measure 2.B Mortality rates for injury and suicide

Age standardized mortality rates for death due to injury and suicide.
Targets (2002) = 45 (injury); 13 (suicide)

Rationale: Injury, including suicide, is a major cause of death in Alberta. Our injury and suicide mortality rates are among the highest in Canada.

Results

Mortality Rates: Injury and Suicide per 100,000 Population		**1996**	**1997**	**1998**	**1999**	**2000**	**Target 2002**
Injury & suicide	Males	75	70	75	67	67	—
	Females	32	31	29	29	30	—
	All Albertans	54	50	52	48	48	**45**
Suicide	Males	26	22	23	24	20	—
	Females	8	7	6	6	7	—
	All Albertans	17	14	14	15	14	**13**

Source: Alberta Health and Wellness; calculated from Vital Statistics (April 2002) and the Alberta Health Registration File (mid-year population estimates). Mortality rates are standardized to the 1996 Canada population.

Discussion: Injury mortality rates are unchanged from 1999. Suicide rates were only slightly lower in 2000 for males, and have not changed overall since 1997. The Ministry has an impact on injury and suicide mortality through funding to various organizations, including the Alberta Mental Health Board and the Alberta Centre for Injury Control and Research.

Source: The measure is derived from information on causes of death from Alberta Vital Statistics, and population information from Alberta Health and Wellness Registration File. The rates do not include Albertans who died in other provinces. Rates are age standardized to the 1996 Canadian Census population.

Measure 2.C Breast cancer screening rates

The percent of women ages 50-69 who receive mammography screening every two years.

Target (2003) = 75 per cent

Rationale: Appropriate screening can have a significant impact on early detection and prevention of death due to breast cancer.

Results

Reported Use of Medical Screening Tests for Breast Cancer	**1994/ 1995**	**1996/ 1997**	**1998/ 1999**	**2000/ 2001**	**Target 2003**
Mammography, last 2 years (percentage of women age 50 – 69)	71	64	69	71	75

Source: National Population Health Survey (NPHS) (1994/1995, 1996/1997, 1998/1999); Canadian Community Health Survey (2000/2001)
Note: Screening results are based on self-reported.

Discussion: Breast cancer screening rates have not changed significantly during the past several years, and remain below the 75 per cent target. Recent improvements in programs to deliver services to rural and remote parts of Alberta, and improvements in data systems, are expected to improve these results by 2002/2003.

Source: National Population Health Survey (NPHS) (1994/1995, 1996/1997, 1998/1999) and the Canadian Community Health Survey (CCHS) (2000/2001); Statistics Canada.

The NPHS, conducted every two years by Statistics Canada. Approximately 1,200 Albertans are interviewed, either by telephone or in person. The measure is the per cent of women aged 50-69 years who report having a mammogram for breast cancer screening in the past two years. Estimates for this measure are based on a smaller sub-sample of the NPHS, and may be accurate within 8 per cent. The CCHS includes a much larger sample of Albertans (about 14,000), and the estimate for this measure from the CCHS is accurate to within 4 per cent.

Note: The NPHS is a longitudinal survey, interviewing the same persons every two years; trends should be interpreted with caution.

Measure 2.D Childhood immunization rates

The percentage of two-year-old children who have received the recommended immunizations.

Target (2002) = 98 per cent
(diphtheria, pertussis, tetanus, haemophilus influenza b, polio)

Target (2002) = 98 per cent
(measles, mumps, rubella)

Rationale: Immunization contributes to the health of our children, since immunization against childhood diseases has a significant impact on their incidence. A high rate of immunization for a population can help ensure that the incidence of a disease remains low, and that outbreaks are controlled.

Results

Percentage immunized at age 2	1996	1997	1998	1999	2000	Target 2002
Diphtheria, tetanus, pertussis, polio, Hib (4 doses)	80	80	77	79	79	**98**
Measles, mumps, rubella (1 dose)	88	90	86	89	90	**98**

Source: Alberta Health and Wellness

Discussion: Immunization coverage rates for Alberta remain steady, but below target. Additional efforts are required in remote areas of the province, and with specific groups of residents, to ensure children receive appropriate immunization for adequate health protection.

Source: The measure is the number of children aged two years who have received the required immunization, divided by the total population two years of age. Population at age two is estimated from Alberta Health and Wellness mid-year registration files. Database on reported immunizations is provided by Health Canada, which has responsibility for Aboriginal children on reserves, and by regional health authorities. A few cases have not been reported, however this does not significantly affect these results.

Measure 2.E Non-smoking rate

The percentage of Albertans age 12 and older who do not smoke.

Target (2002) = 75 per cent

Rationale: The use of tobacco is considered one of the leading preventable causes of illness and premature deaths due to cardiovascular and respiratory diseases.

Results

Non-Smoking rate	1994/1995	1996/1997	1998/1999	2000/2001	Target 2002
Percentage aged 12 and older, who do not smoke	72	72	72	72	75

Source: National Population Health Survey (NPHS) (1994/1995, 1996/1997, 1998/1999); Canadian Community Health Survey (2001)
Note: Screening results are based on self-reported.

Discussion: The per cent of Albertans who smoke has not changed in the past six years. Alberta Health and Wellness provided $1 million in funding to the Alberta Tobacco Reduction Alliance to implement tobacco reduction initiatives in the province. A comprehensive tobacco reduction strategy was developed. Strategies to discourage smoking, such as a substantial increase in tobacco taxes, are expected to have an impact, especially in younger age groups.

Source: Statistics Canada: National Population Health Survey (NPHS) (1994/1995, 1996/1997, 1998/1999); Canadian Community Health Survey (CCHS) 2000/2001. Approximately 1,200 Albertans are interviewed for the NPHS, either by telephone or in person. Results for the entire sample are accurate within three per cent 19 times out of 20. [The NPHS is a longitudinal survey, interviewing the same persons every two years; trends should be interpreted with caution.] The CCHS includes a much larger sample in Alberta (about 14,000) and results are accurate to within 1 per cent 19 times out of 20.

Goal 3: To support and promote a system for health.

The health system is complex and numerous stakeholders are involved in organizing and delivering its services to citizens. Ensuring all efforts are effectively co-ordinated in the service of Albertans is a continuous challenge. Effective communication, accountability and information systems are required, as is the leadership to address emerging system-wide challenges.

Action and Achievements

Action: **Established more clearly the accountability for health authority service provision, governance and management.**

Achievements:

- Helped to implement the government's decision to elect two-thirds of regional health authority members in conjunction with 2001 municipal elections; appointed the remaining one-third of members through a public nomination process. Three Alberta ministries — Health and Wellness, Municipal Affairs and Justice and Attorney General — met the commitment to elections while maintaining the government's accountability framework, public confidence and perceptions of fairness and equity in the process. For their work, the ministries received a silver Premier's Award of Excellence in 2002, in recognition of outstanding work by a public service team.

Action: **Implemented delivery of key initiatives announced in Health Care Action Plan.**

Achievements:

- Established several committees to implement the Government of Alberta Health Care Action Plan announced in January 2002 following the acceptance of recommendations made by the Premier's Advisory Council on Health.

Included were:

- MLA Task Force on Health Care Funding and Revenue Generation to develop recommendations for government on long-term funding models for health care and revenue generating options for both government and regional health authorities.
- Committee on Collaboration and Innovation to work with regional health authorities to plan to improve collaboration, develop multi-year performance contracts, increase the scope of contracting for health service delivery and develop centres of specialization.
- Health Professions Act Implementation Task Force to provide a detailed plan to the Minister regarding implementation of the Act.

Action: **Initiated the Health Care Insurance Plan Premium Rate Increase and Subsidy Change Project.**

Achievements:

- Initiated the Project following the 2002/2003 provincial budget announcement. Funding of the health care system through health care premiums will increase in 2002/2003 from 11 to 13 per cent. Improvements to the premium assistance programs will ensure premium increases have little or no impact to lower-income Albertans.

Action: **Encouraged regional health authorities and health providers to adopt best practices in governance and management.**

Achievements:

- Updated and republished two reports — *Achieving Accountability in Alberta's Health System* and *Governance Expectations of Alberta's Health Authority Board* —for orientation sessions following the election and appointment of regional health authority board members. Sessions educated board members about Alberta's health system and how health authority business should be conducted.

Action: **Assumed leadership role with Federal/Provincial/Territorial (F/P/T) initiatives and in collaboration on inter- and intra-provincial ventures.**

Achievements:

- Effective September 2001 Chaired the Provincial/Territorial Ministers and Deputy Ministers of Health Conferences and Co-chaired the Federal/Provincial/Territorial Ministers and Deputy Ministers of Health Conferences.
- Led the Performance Indicators Reporting Committee of F/P/T Deputy Ministers of Health and developed agreement on a set of comparable health indicators to be reported by each jurisdiction in September 2002. Alberta also participated on a committee of F/P/T representatives that reported on supply, demand and delivery of Magnetic Resonance Imaging and Computed Tomography services in Canada. Through the Western Health Information Collaborative we participated in and implemented shared initiatives such as a comprehensive provincial registry of service providers, components for population health projects supported through web sites, and design of standardized and simplified access to claims, stakeholder and facility data.
- Co-chaired the federal/provincial/territorial Special Task Force on Emergency Preparedness and Response established after September 11, 2001 to review readiness to respond to health issues that may arise due to chemical, biological, radio-nuclear terrorism as well as disasters resulting from natural causes.

Action: **Continued to work with the federal government and the provinces and territories to develop a common understanding of the *Canada Health Act* and its policy implications for provincial initiatives.**

Achievements:

- Co-chaired federal-provincial working group discussions on mechanisms to avoid and resolve disputes concerning the *Canada Health Act*. Reached agreement — Quebec excepted — on a dispute-settling process that includes jointly appointed panels with the ability to provide non-binding advice and recommendations to the disputing parties on matters such as conflicts over the interpretation of the *Canada Health Act*.

Action: **Improved regional health authority knowledge and awareness of security policies, procedures and industry best practices.**

Achievements:

- Developed provincial security policy and compliance requirements to ensure appropriate protection of information and enable secure information exchange.

Action: **Informed Albertans about the performance of their health system.**

Achievements:

- Provided quarterly wait list information on the Alberta Health and Wellness Web site under *Publications.* This is a general, provincial report. It is not the facility-specific wait time information that will be posted on the Web site in 2003 to aid in patient choice for selected procedures. The Web site also has an expanded version of the report *Alberta's Health System: Some Performance Indicators December 2000.* Also distributed the results of the annual *Survey about Health and the Health System in Alberta.*

Action: **Continued involvement with Federal/Provincial/Territorial and interprovincial initiatives concerning organ and tissue donation and transplantation.**

Achievements:

- Chaired working group discussions that led to the development of the Canadian Council for Donation and Transplantation (CCDT). The governments of all provinces and territories agreed that CCDT would be an unincorporated association. The Alberta Deputy Minister is the liaison Deputy for the Council.

Key Performance Measures and Results

Measure 3.A Public self-rated knowledge of health services available

The percentage of Albertans who rate their knowledge of health services available to them as "excellent" or "good."

Target (2003) = 70 per cent

Rationale: Albertans who are knowledgeable about the health services that are available are better able to access these services, and are better able to seek appropriate services. Alberta Health and Wellness, health authorities, and health professionals have responsibilities to contribute to Albertans' knowledge about health services. A more knowledgeable public can help improve the effectiveness and efficiency of the health system by making good decisions about how to use our health resources.

Results

Self-Reported Knowledge of Health Services	1998	1999	2000	2001	2002	Target 2003
Knowledge of which health services are available (percentage responding *excellent* or *good)*	70	63	63	66	62	70

Source: Alberta Health Survey, 1998 – 2002.

Discussion: Self-reported knowledge of available health services remains below target, and declined slightly from the 2001 estimate. The health system has changed significantly in recent years, and changes continue to be discussed, which has likely contributed to the feeling that the system is unfamiliar. More effort is needed to inform health providers and the public about which services are available.

Source: Alberta Health and Wellness Survey (annual). Data are collected through a telephone survey of 4,000 randomly selected Alberta households. The survey is commissioned by Alberta Health and Wellness and is conducted by the Population Research Laboratory at the University of Alberta; the response rate for the survey has ranged from 77 to 84 per cent in recent years. Results for the entire sample are accurate within two per cent 19 times out of 20.

Albertans are asked: "In general, how would you rate your knowledge of the health services that are available to you? Would you say: excellent, good, fair or poor?" The measure is the percentage of respondents who answered "excellent" or "good."

Measure 3.P Stakeholder ratings of access to information

The percentage of Ministry stakeholders who report easy access to health system information.

Target (2003) = Improvement

Rationale: The collection and provision of health system information, and the protection of privacy, are important functions of the Ministry.

Results: Measure currently under development.

Source: An annual survey of users of Ministry information is under development.

Goal 4: To optimize the effectiveness of the Ministry.

To be as effective and efficient as possible in the service of its mission, the Ministry must keep pace with new knowledge and use its human, financial and technological resources in an optimal fashion. Internally, the Ministry must foster the culture of a learning organization. Externally, the Ministry commits to collaboration with key stakeholders and particularly other government departments in support of cross-ministry initiatives.

Action and Achievements

Action: **Participated in inter-departmental initiative to strengthen early childhood development in the province.**

Achievements:

- Provided funding to regional health authorities to enhance public health services for pregnant women, infants, children up to age 6 and their families. Provided funding to the AADAC for enhanced treatment services in Calgary, Edmonton and Grande Prairie to high risk women who are pregnant or may become pregnant. Provided funding to the Alberta Mental Health Board to provide enhanced support services to pregnant women or parents with mental health concerns who are raising young children. As well, we developed the Alberta Perinatal Health Program for launch in communities in the Palliser Health Authority, Northwestern Regional Health Authority and through the Peigan Nation.

Action: **Participated in collaborative initiatives with other Alberta ministries.**

Achievements:

- Championed the introduction of the Health Sustainability Initiative (HSI) as a new cross-ministry initiative. HSI incorporates some aspects of the former Seniors Policy Initiative with new cross-ministry approaches to address sustainability of the health care system. Objectives are a collaborative response to the recommendations in the *Premier's Advisory Council on Health* report that would benefit from a cross-ministry approach, and to develop joint strategic capital priorities that support health sustainability within available resources. A cross-ministry Deputy Minister committee was established to support and oversee the initiative.

Action: **Finalized partnerships with private and voluntary sector organizations to develop new long-term care facilities.**

Achievements:

- Outcomes included finalizing 19 partnership projects involving development of 1,518 new long-term care beds. In collaboration with Alberta Infrastructure projects required a provincial contribution of approximately $113 million, a saving of $111 million — or 50 per cent — compared to the original estimate of $224 million. Four projects were completed and 361 new long-care beds were opened in 2001/2002.
- An additional $84.5 million is budgeted for further partnership projects that had not yet been finalized by March 31, 2002.
- In total capital funding has been approved to develop 2,729 new long-tem care beds over the next two to three years.

Action: **Worked with health authorities and Alberta Infrastructure to develop long-term capital plans.**

Achievements:

- Completed review of eight health authority long-term regional capital plans for compliance with information requirements.
- Updated medium and long-term projections and outlooks for capital resource requirements of the health system with the objective of having a complete provincial capital plan available by March 31, 2003.

Action: **Developed and implemented a co-ordinated approach to the management of information.**

Achievements:

- Earned one of Canada's most prestigious technology awards for Alberta Wellnet initiative to improve patient care and the efficiency of the province's health care system. Award of Excellence from the Canadian Information Productivity Awards recognized work to develop a secure electronic health record for Albertans, in which the sharing of medication information (Pharmaceutical Information Network) is the first key component. The award is bestowed for use of information technology to transform business operations.

Action: **Supported implementation of the Aboriginal Policy Initiative with a strategy to measure progress and assess performance in bridging the health status gap.**

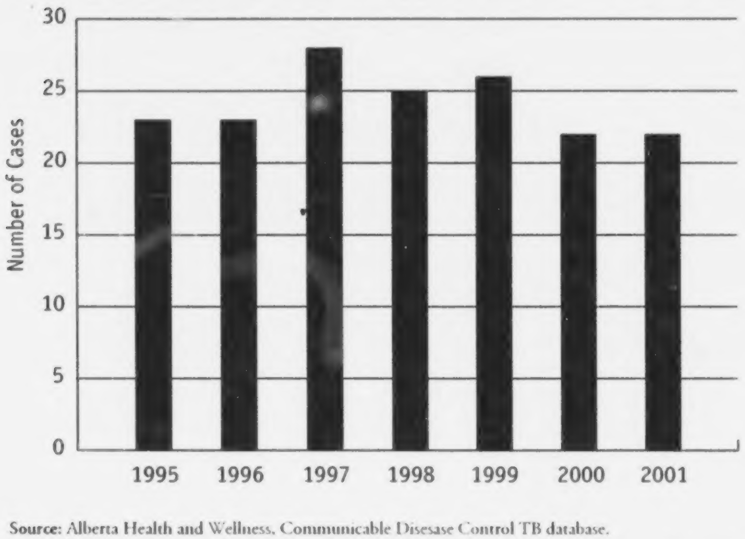
Achievements:

- Continued implementing the Aboriginal Health Strategy to address disparity among Aboriginal Albertans. Support was provided in co-operation with other Alberta ministries, the federal government, Aboriginal communities and organizations and provincially-funded health providers such as regional health authorities.

Other activities in support of the Aboriginal Policy Initiative:

- Provided $716,000 to 17 new Aboriginal community-based projects designed to enhance Aboriginal access to provincial health services, and to facilitate partnerships between health authorities and Aboriginal communities.
- Through the Aboriginal Health Career Bursary Fund $225,000 was provided to 53 Aboriginal students furthering their studies in a health field.
- Provided grants to the Métis settlements in the Lakeland Regional Health Authority, the community of Fort Chipewyan and the co-operative and enterprise communities near Grande Cache to enhance primary health care services.
- Alberta Health and Wellness is committed to reducing the number of new tuberculosis cases among Aboriginal Albertans.

Tuberculosis Cases Among Status Indians in Alberta



Source: Alberta Health and Wellness, Communicable Disease Control TB database.
Note: Alberta Health and Wellness has a contract with the Federal government for TB control amongst the First Nations.

Action: **Contributed to the government's response to the Impact of Aging Study, and co-championed Alberta's Seniors Policy Initiative.**

Achievements:

- Promoted healthy aging as priority goal for Albertans, to ensure people are healthy and independent as they age by examining home care and community care policies to remove barriers to supporting individuals to 'age in place'.
- Prepared Healthy Aging and Seniors Wellness Strategy 2002-2012, as part of the cross-ministry Seniors Policy Initiative, to provide stakeholders with a common reference document to address opportunities and challenges of an aging population.
- Continued working with the Ministry of Alberta Seniors on the Healthy Aging Partnership Initiative (HAPI) which was transferred from Health and Wellness in March 2001.

Action: **Advanced the Provincial Personal Health Identifier (PPHI) project for implementation in 2002/2003, to give stakeholders easy electronic access to provincial health identification information.**

Achievements:

- The goal of the PPHI project is to enable stakeholders electronic access to provincial health identification information and to enable health authorities to register Albertans and update registration records. The project supports the objective of providing more accurate and current demographic and registration data for use throughout the health system. The future development of an electronic health care record will depend on accurate personal health identification information.
- Developed an electronic Consent Registry to record patient consent for the sharing of health information electronically.

Action: **Updated Albertans' registration eligibility data and billed premiums for eligible residents.**

Achievements:

- Ensured all known eligible residents are registered. Provided system support functionality for correct billing of premiums; provided accurate and current demographic and registration data for use throughout the health system; processed 6.739 million transactions. Provided $98.8 million in premium assistance, including coverage for nearly 142,000 seniors' accounts and 52,000 individuals or families covered by government-sponsored programs.

Action: **Launched Information Management Framework to address data quality and standardization issues across information systems.**

Achievements:

- Identified core functions and roles required by the Ministry to achieve effective management of information; co-ordinated data quality and standardization activities through six cross-functional teams composed of key business individuals and Information Management and Technology analysts.

Action: **Developed and implemented improvements in business processes within the provincial health sector through effective use of technology.**

Achievements:

- Improvements included the following:
  - A web interface for authorizers and vendors in support of Aids to Daily Living benefits;
  - A more effective governance structure that establishes information management and technology priorities;
  - A reporting system for provincial immunizations and adverse reactions to immunization;
  - Five public Web sites for information sharing;
  - A provincial strategy for a Health Workforce Information Network;
  - A common architectural frame of reference for information management and information technology within the provincial health sector.

Key Performance Measures and Results

Measure 4.A **Quality of service provided by registry and client information service.**

Client ratings of quality of service received. The measure is the percentage of persons who make inquiries to the Customer Services and Registration Branch who report they are satisfied with the services received.

Target (2003) = improvement

Rationale: Customer Services and Registration Branch is a primary link between the public and Alberta Health Care Insurance Plan, providing responses to inquiries about health service claims and coverage. The department is committed to the Service Excellence Framework, a cross-government initiative to find ways to provide excellent service to Albertans and all other clients of government.

Results

	2000	2001	Target 2003
Client satisfaction with service provided by Registry and Client Information Services, Alberta Health and Wellness. (percentage responding satisfied or very satisfied)	86	85	**Improvement**

Source: Customer Services and Registration Branch Client Satisfaction Survey: June, 2000, September 2001.

Note: The Ministry approved a target of 85 per cent for this measure in the 2002/2003 to 2004/2005 Three-Year Business Plan (December 2001).

Discussion: These results indicate that Albertans who receive registry and information services from Alberta Health and Wellness are mostly satisfied with the services provided.

Source: Customer Services and Registration Branch Client Satisfaction Survey (June 2000, Sept 2001) conducted by Criterion Research. The telephone survey of 1,000 clients produces results that are accurate within 3 per cent 19 times out of 20. The next client survey is scheduled for November 2002.

Measure 4.B Department staff who understand their contribution to the success of the Ministry.

Percentage of department staff who agree or agree strongly that they know or understand how their work contributes to the achievement of the Ministry business plan. The measure is the percentage who respond that their understanding is "excellent" or "good."

Target (2002) = 90 per cent

Rationale: 'Alignment' is one of the five strategic areas addressed in the Corporate Human Resource Plan and which require organizational supports. The Ministry must ensure the goals and behaviours of individual employees are aligned with department and government goals. There is greater opportunity for success if employees understand how their work contributes to the achievement of business goals.

Results

	1999	2000	2001	Target 2002
Per cent of department staff who agree or agree strongly that they know or understand how their work contributes to the achievement of the Ministry business plan.	85	83	95	**90**

Source: Government of Alberta Core Measures Survey (1999, 2000, 2001), Personnel Administration Office.

Discussion: Nearly all department staff indicate that they have a good understanding of how their work contributes to the achievement of the Ministry business plan. This result is well above target, and a significant increase compared with results from past years.

Source: Government of Alberta Core Measures Survey (Annual). Data is collected through a telephone survey of 240 Alberta Health and Wellness Employees. The survey is commissioned by the Personnel Administration Office of the Government of Alberta and is conducted by Research Innovations Inc. The measure is the percentage of employees who report they "agree" or "strongly agree" when asked: "Thinking about what you do or know, to what extent would you agree or disagree that you know and understand how your work contributes to the achievement of your department business plan?" The response rate for 2002 is 89 per cent. Results for the entire sample are accurate within 5 per cent 19 out of 20 times.

Measure 4.C Satisfaction of other government ministries with the contribution of Alberta Health and Wellness to cross-government initiatives.

Percentage of staff surveyed from other ministries who reported they were either satisfied or very satisfied with the contributions made by Alberta Health and Wellness to various cross-government initiatives.

Target (2002) = improvement

Rationale: Alberta Health and Wellness must work with several other government departments in order to achieve its goals and the goals of government in general.

Results

	2001	Target 2002
Percentage of surveyed staff who were satisfied or very satisfied with department contribution.	86	**Improvement**

Source: Department Survey of Other Ministries (December 2001).

Discussion: Results from December 2001 show very good results for the department. We continue to place a high priority on our work with other government departments.

Source: Alberta Health and Wellness survey: "Satisfaction of Other Ministries with Alberta Health and Wellness' Contribution to Cross-Ministry Initiatives." A total of 37 persons responded to the survey, a response rate of 79 percent.

Integrated Results Analysis

The Alberta Health and Wellness annual report is a summary of the most significant activities of the Ministry and a high level report on the provincial health system's performance. The goals in the Alberta Health and Wellness Business Plan are the same as those found in every health authority in the province. The first three goals pertain to the delivery of services and the infrastructure required to support them, while the fourth goal pertains to the effectiveness of the Ministry itself. Performance indicators are assigned and defined accordingly. Individual results are discussed under each goal.

At the highest level, the two main businesses of Alberta Health and Wellness are called treatment (delivery of quality health services) and prevention (encourage and support healthy living). However at the service-delivery level, treatment and prevention are difficult to separate as most interactions between clients and providers serve both functions. The business plan estimated that 3.7 per cent of allocations would be dedicated to prevention. In actual practice, 2.8 per cent ($179,016) of departmental expenditures in 2001/2002 could be directly credited to the business of *prevention.*

Expense by Core Business
(thousands of dollars)

Core Business	2001/2002 Budget	2001/2002 Actual	2000/2001 Actual
1 Delivery of Quality Health Services	$6,036,124	$6,146,407	$5,451,826
2 Encourage and Support Healthy Living	234,565	179,016	162,088
	$6,270,689	$6,325,423	$5,613,914

At this time, a full analysis of actual cost across the entire system, by core business, is not available. While 2.5 per cent of total funding was specifically assigned for *protection, promotion and prevention* in the departmental budget, additional funding was made available to AADAC and health authorities through their global budgets for these functions. In practice, prevention-oriented activities consume considerably more resources than these percentages imply.

For the Ministry, actual costs did not exceed authorized budgets. Actual costs include additional funds required and received during the year to cope with unforeseen circumstances. From the initial allocation of $6.27 billion, a supplementary adjustment was made and actual costs totalled $6.325 billion.

With the exception of the removal of the Persons with Developmental Disabilities Board statements from the 2001/2002 Ministry's Consolidated Financial Statements, there were no significant changes to key components in financial statements.

Key performance measures and their targets are specified for each goal, and address the following objectives:

Goal 1: access, quality and satisfaction
Goal 2: health status, mortality, prevention (screening, immunization, smoking)
Goal 3: public knowledge; access to information
Goal 4: quality of AHW services, staff understanding, stakeholder satisfaction

The discussion of the key measures relative to their targets can be found after each goal. With the exception of the 'waitlist' indicators under goal 1, and the 'mortality' and 'immunization' (prevention) indicators under goal 2, the measures are based on survey results concerning the views of the public about their health, access and quality of services.

The 2002 results for the data-based measures are consistent with the 2001 results and are below the established targets, which may indicate that performance targets warrant review. In spite of additional funding to address surgical and long-term care waiting times and lists, demand and service volumes for some of those services have increased and may be causing the length of the lists to be maintained or increased.

The release of the *Premier's Advisory Council on Health Report* was a significant development in 2002, which may have impacted people's perceptions. The Report's full impact will not be seen until 2003 when implementation is well underway. Among the public survey measures, most were relatively constant with 2001 results, except for 'self-reported knowledge of health services' (goal 3), which decreased slightly from the 2001 figure. While some of this decline may be based on experiences, the result may also be reflecting survey respondents' anticipation and associated speculation regarding potential changes to the overall health care system.

Despite additional funding to address surgical waiting lists, the perception of 'ease of access' (goal 1) declined sharply in 2000 and since has remained relatively constant, significantly below the target. Albertans do report easier access when asked about specific services, such as hospital or physician services, suggesting these measures may be more sensitive to their experiences.

Looking to the future, the challenges associated with making the public health system sustainable are two-fold: first, improving the efficiency with which services are delivered, and second, but perhaps more importantly, influencing the demand for services through prevention and health promotion. The *Report of the Premier's Advisory Council on Health* recognizes and supports initiatives on both of these fronts. A successful implementation of reform over the next few years is expected to be reflected by:

- steady results for the quality and satisfaction (goal 1) and health status (goal 2) measures;
- an improvement in the prevention (goal 2) measures;
- steady results for the already high measures for Ministry effectiveness (goal 4);
- maintenance of perception of access to services (goal 1) and public knowledge (goal 3) followed by a gradual increase to target levels as the public perception lag is overcome.

Future Challenges

By the end of the 2001-2002 fiscal year, the Report of the Premier's Advisory Council on Health had been released and the Government of Alberta had accepted all of its' 44 recommendations. At the same time, health system reports had been completed in other provincial jurisdictions and two federally sponsored reviews were well underway and expected to report late in 2002.

Shifting population demographics, the pace and costs of emerging technologies, heightened public expectations and changing disease patterns continue to inflate the costs of diagnosing and treating Canadians. As recommended by the Premier's Council Report, a population-wide agenda for staying healthy is recognized by all jurisdictions as a critical prerequisite for a sustainable publicly-funded system. To optimize Albertans' health and well-being we need to maintain a balance and synergy between services aimed at diagnosing and treating illness, and initiatives focussed on promoting wellness and preventing injury and disease. An integrated primary health care strategy holds this potential.

The transition from a traditionally illness-oriented system to one with a wellness bias will be difficult, since we must maintain an adequate capacity for diagnosis and treatment while the infrastructure and mindset for prevention and promotion is reinforced. The fiscal sustainability of the system will be government's principal concern, with a particular focus on the scope of publicly funded services, utilization analysis, collaboration and innovation among key stakeholders, and funding and revenue generation.

All parties share in the responsibility of 'producing' or 'creating' health. This direction and challenge will be identified, and must be pursued, in and by every jurisdiction in Canada, if the public system and its' values are to be sustained.

Organization with a Provincial Mandate 2001/2002

Alberta Alcohol and Drug Abuse Commission (AADAC)

Mission: **To assist Albertans in achieving freedom from the abuse of alcohol, other drugs and gambling.**

Businesses:

- **Treatment:** Provision of a range of alcohol, other drug and problem gambling treatment services including community outpatient counselling and day treatment, short and long-term residential treatment, crisis and detoxification services, and specialized treatment programs for youth, women, Aboriginal people, business and industry, opiate dependency and cocaine addiction.
- **Prevention:** Provision of a range of alcohol, other drug and problem gambling prevention services including community-based education and early intervention programs.
- **Information:** Provision of accurate and current information on issues, trends and research regarding alcohol, other drug and gambling problems.

Results Achieved

Strategy: **Participate in cross-government initiatives in a manner appropriate to AADAC's businesses and goals.**

Achievements:

- AADAC contributed to the Alberta Children and Youth Services Initiative (ACYI) by providing consistent representation on the Partnering Deputies Committee and the ACYI Coordinating Committee. As co-chair of the Alberta Partnership FAS (fetal alcohol syndrome), AADAC helped launch a new media campaign. The commission was represented on all 17 regional FAS coordinating committees and AADAC participated in planning and hosting the 2001 Prairie/Northern Partnership Interprovincial FAS Conference.

- In conjunction with Alberta Children's Services and the Alberta Mental Health Board, a pilot mentoring program was implemented by AADAC in partnership with Big Sisters and Big Brothers of Edmonton. AADAC was also a member of the Children's Mental Health Framework Steering Committee and participated in the development of a provincial policy framework, presented to the Alberta Children & Youth Initiative Partnering Deputies Committee. The 3rd Annual Children's Mental Health Conference was co-sponsored by AADAC in Red Deer in October 2001, and attended by 370 delegates.
- AADAC Mobile Services teams were expanded in nine communities to engage youth at risk. AADAC also established a contract with a service provider in Sherwood Park to provide on-site addiction treatment services for high-risk youth.
- As part of the government's Early Childhood Development strategy, AADAC implemented outreach addiction services and priority detoxification and residential treatment for high-risk and pregnant women.
- AADAC continued to be actively involved as a member of the Provincial PChIP (Protection of Children Involved in Prostitution) Committee, and AADAC is a member of local PChIP committees and sub-committees in Edmonton and Calgary. In conjunction with protective services, AADAC expanded consultation and treatment services in Lethbridge and Didsbury.
- AADAC continued to be represented on the Inter-departmental Committee responsible for the Aboriginal Policy Initiative, and sub-committees on socio-economic status and participation in the economy. Through consultation with Aboriginal stakeholders, AADAC developed and approved an action plan to increase addiction services to Aboriginal persons. An internal Aboriginal recruitment strategy was implemented by AADAC.
- AADAC contributed to the Seniors Policy Initiative through representation on the Supportive Communities Working Group and the Healthy Aging Sub-Group. AADAC developed and implemented an action plan for delivery of services to seniors and provided training workshops on seniors and addictions for staff and other interested professionals.
- AADAC continued to support Alberta's economic development strategy by co-facilitating information sessions for staff from AADAC and Human Resources and Employment and delivering one-day workshops on addiction and employability. AADAC was contracted by employers in Fort McMurray to develop a resource manual and to train supervisors to deal with alcohol, drug, and gambling problems in the workplace.

Strategy: **Address substance abuse and problem gambling issues and the needs of Albertans through treatment, prevention (including early intervention) and information services.**

Achievements:

- Two new area offices were opened in Wetaskiwin and Canmore and seven satellite offices were established in communities adjacent to Edmonton and Calgary. Access to addiction services in primary health care settings was provided through expansion of projects in Edmonton and new initiatives in Wetaskiwin and Calgary.
- The Commission aired three new problem gambling ads during the year and produced a training video for use in VLT venues. The Commission also initiated a problem gambling stabilization pilot project for individuals experiencing emotional or physical crisis.
- Families and youth continued to be a main focus for AADAC. A video and accompanying discussion guide called *Cool: Identity, Drugs and Fitting In* were developed and, an early intervention resource for youth gambling (*Your Best Bet)* was distributed to all junior and senior high schools in the province. In addition, a school-based prevention program for grade seven students was piloted and two new Web sites were demonstrated; one targeted at youth (15-17 years) and one for parents and teachers.
- The report of the Inter-departmental Committee on Tobacco Reduction (chaired by AADAC) was submitted to the Minister of Health and Wellness and a comprehensive, provincial tobacco reduction strategy was approved and announced by government.
- AADAC and the Brewer's Association of Canada implemented a joint project called *Youth Alternative (YA!)*. This project was piloted in three Alberta communities, and is intended to prevent alcohol problems among rural youth.
- AADAC is an active community partner with Alberta Justice in the Calgary Diversion Project and was part of the Provisional Diversion Framework Working Committee that prepared an implementation plan for reducing the criminalization of individuals with mental illness.
- AADAC co-sponsored the 3rd Annual Harm Reduction Conference in Red Deer (March 2002), and AADAC presented at the 44th International ICAA Conference in Heidelberg, Germany (September, 2001).

Key Performance Measures and Results

Measure: ***Access – provide reasonable access to local, regional and provincial services***

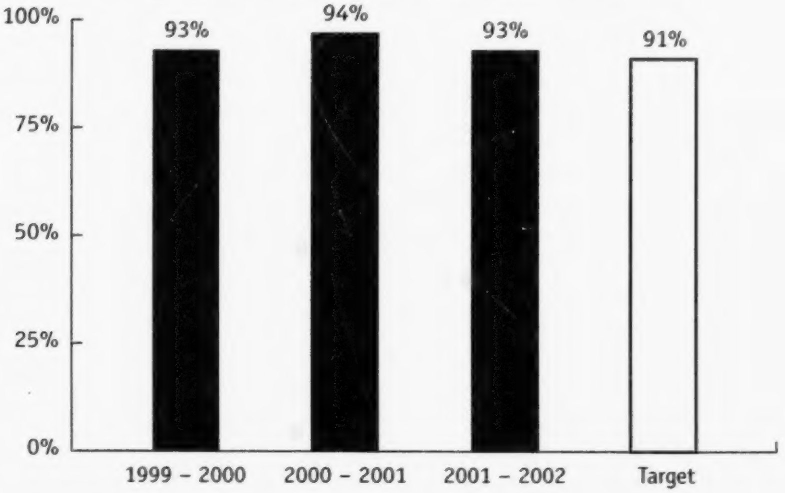
The percentage of clients who reported "no difficulty" accessing AADAC treatment and prevention services.

Target (2001/2002) Treatment = maintain at or above 91 per cent
Prevention = maintain at or above 95 per cent

Rationale: Client and community access to services increases the likelihood of positive outcomes. AADAC believes that clients should have access to basic services in their home communities. More specialized services are accessed on a regional or provincial basis.

Results – Treatment

Figure 1: AADAC client access — Treatment



Per cent of clients reporting no difficulty accessing treatment services

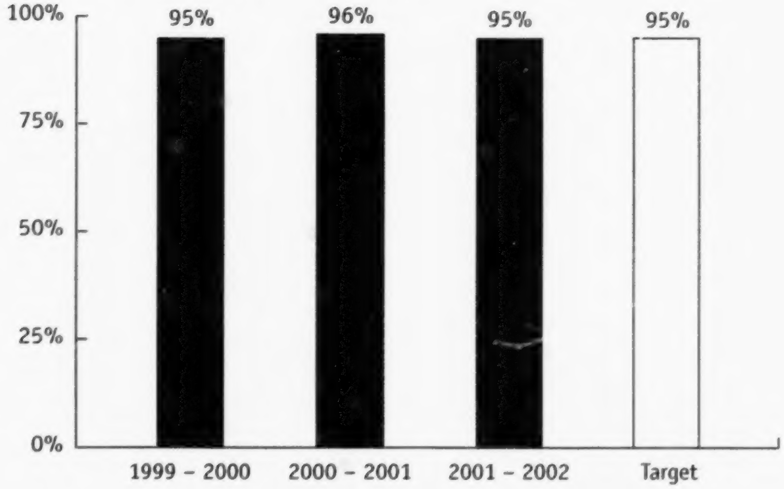
Source: AADAC

Discussion: The target for access to treatment services was exceeded; 93 per cent of clients reported "no difficulty" accessing treatment services.

Source: Three treatment sites were excluded as part of information system re-development. All clients from remaining sites were surveyed (n = 20,689). Clients in outpatient and residential treatment services completed a standardized questionnaire during their first treatment session; clients in detoxification services completed a standardized questionnaire at the end of the detoxification service.

Results – Prevention

Figure 2: AADAC client access — Prevention



Per cent of clients reporting no difficulty accessing prevention services

Source: AADAC

Discussion: The target for access to prevention services was met; 95 per cent of clients reported "no difficulty" accessing prevention services.

Source: In 2001/2002, two mail-out surveys were conducted (September 2001 and March 2002). Anonymous surveys were sent to all prevention clients who consented to be contacted for follow-up and 228 surveys were returned (response rate = 54.4 per cent).

Measure: *Satisfaction – services have a positive impact with clients and communities*

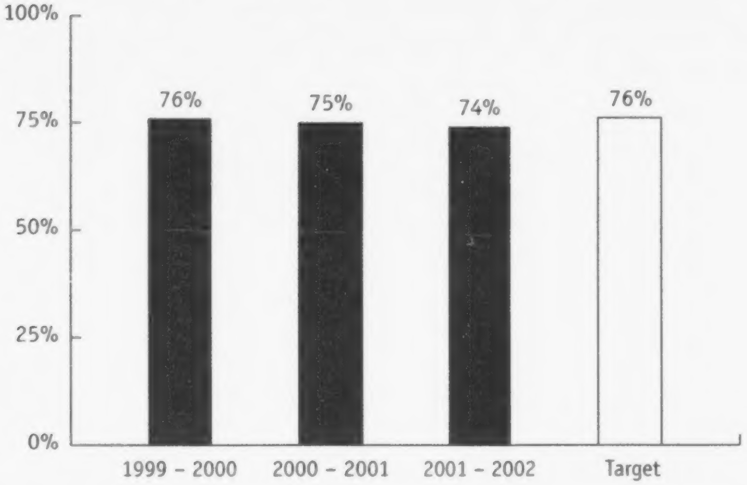
The percentage of clients reporting they were "very satisfied" with treatment and prevention services received.

Target (2001/2002) Treatment = maintain at or above 76 per cent
Prevention = to be established in 2001/2002.

Rationale: Satisfaction is of interest to AADAC because it considers the client's impression of a particular service. The most effective and efficient program is of limited use if it does not fulfill the needs and expectations of the individuals or groups targeted to receive the service.

Results – Treatment

Figure 3: AADAC client satisfaction — Treatment



Per cent of clients reporting they were very satisfied with treatment services received

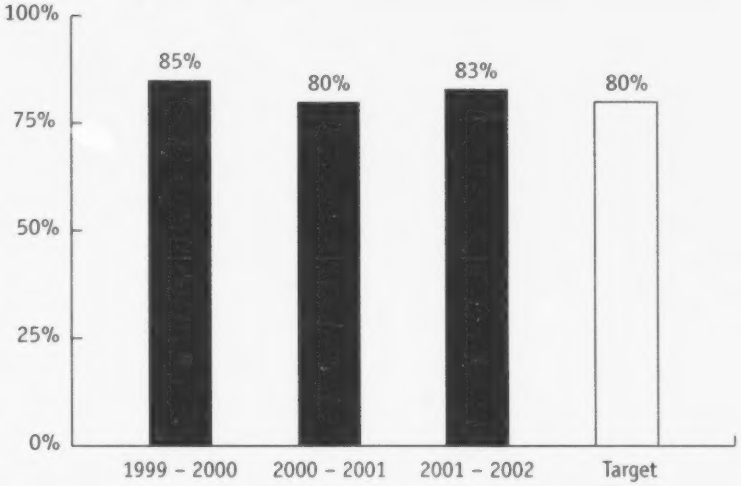
Source: AADAC

Discussion: Results were within 2 per cent of the target; 74 per cent of clients reported they were "very satisfied" with treatment services received.

Source: Client satisfaction was assessed using follow-up telephone interviews conducted by an independent private research contractor and self-administered feedback surveys. Clients entering **residential and outpatient** treatment programs were eligible for telephone interview selection. Based on annual client admissions, sample quotas were assigned to each treatment type. Three treatment sites were excluded from sampling as part of information system re-development. A random sample of 2,990 clients was telephoned four months after admission (approximately three months after treatment completion). A total of 1,179 clients were interviewed and asked to rate their level of satisfaction with services received (response rate = 39.4 per cent). The margin of error is ±2.7 per cent, 19 times out of 20. Clients' satisfaction with **detoxification** was measured by a self-administered feedback survey given to clients at the end of service. The response rate was 77.7 per cent. Results from both sources were weighted to provide total client satisfaction (n = 8,033).

Results – Prevention

Figure 4: AADAC client satisfaction — Prevention



Per cent of clients reporting they were very satisfied with prevention services received

Source: AADAC

Discussion: Baseline results from 1999/2000 and 2000/2001 were used to establish a target of 80 per cent for client satisfaction with prevention services. The target was exceeded; 83 per cent of clients reported they were "very satisfied" with prevention services received.

Source: In 2001/2002, two mail-out surveys were conducted (September 2001 and March 2002). Anonymous surveys were sent to all prevention clients who consented to be contacted for follow-up and 228 surveys were returned (response rate = 54.4 per cent).

Measure: *Effectiveness – Services facilitate clients' success in achieving their goals*

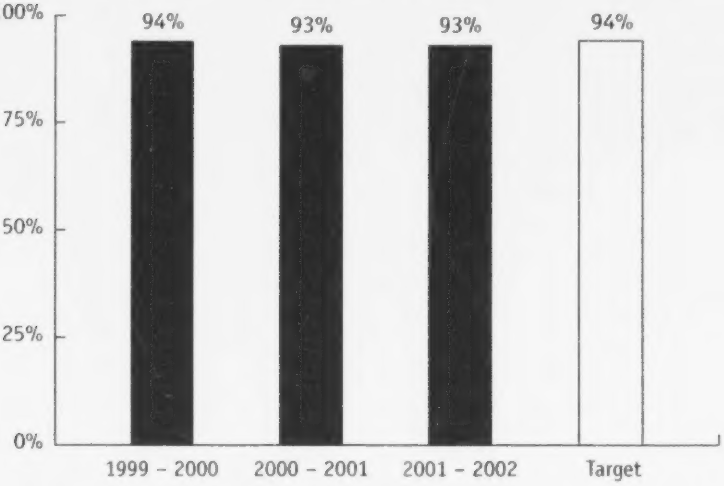
The percentage of clients reporting they were abstinent or improved four months after admission. Four months after admission approximates three months after treatment completion. "Abstinent or improved" means no use or reduced use of problem substances or problem activities for which the client received treatment.

Target (2001/2002) Treatment = maintain at or above 94 per cent
Prevention = proxy measures to be tested 2001/2002

Rationale: AADAC has a continuum of programs available that can appropriately address the specific needs of the client. Programs need to be continually monitored to ensure they are providing optimum benefit.

Results – Treatment

Figure 5: AADAC service effectiveness — Treatment



Per cent of clients reporting they were abstinent or improved four months after admission

Source: AADAC

Discussion: Results were within one per cent of the target; 93 per cent of clients reported they were "abstinent or improved" four months after admission.

Source: Service effectiveness was assessed using follow-up telephone interviews that were conducted by an independent private research contractor. Clients entering **residential and outpatient** treatment programs were eligible for interview selection. Based on annual client admissions, sample quotas were assigned to each treatment type. Three treatment sites were excluded from sampling as part of the information system re-development. A random sample of 2,990 clients was telephoned. A total of 1,179 clients were interviewed for follow up four months after admission (response rate = 39.4 per cent). The margin of error is ± 2.7 per cent, 19 times out of 20.

Results – Prevention

Discussion: Target was not met. New measures were not established. AADAC will continue to measure prevention access and satisfaction.

Future Challenges

AADAC is challenged to sustain quality addiction services while responding to growing service demands. Client's needs are diverse and complex, demographics are changing, new technologies are available, and consumer and public expectations for service delivery are increasing. AADAC must be responsive to these changing needs and environmental influences while remaining focused on its vision, mission and core businesses.

AADAC has a strong presence in communities across Alberta and will continue to link with key stakeholders to provide value added services for all Albertans. The Commission will invest in opportunities that reduce risk factors contributing to substance abuse and problem gambling and be innovative in seeking alternative ways to deliver effective treatment, prevention and information services.

Financial Information

Ministry of Health and Wellness

Consolidated Financial Statements

March 31, 2002

MINISTRY OF HEALTH AND WELLNESS

CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2002

Auditor's Report

Consolidated Statement of Operations

Consolidated Statement of Financial Position

Consolidated Statement of Changes in Financial Position

Notes to the Consolidated Financial Statements

Schedule 1 - Consolidated Revenues

Schedule 2 - Consolidated Dedicated Revenue Initiatives

Schedule 3 - Consolidated Expense Directly Incurred Detailed by Object

Schedule 4 - Consolidated Budget

Schedule 5 - Related Party Transactions

Schedule 6 - Allocated Costs

Schedule 7 - Distribution of Payments to Physicians by Recipient Health Region

AUDITOR
GENERAL
Alberta

AUDITOR'S REPORT

To the Members of the Legislative Assembly

I have audited the consolidated statement of financial position of the Ministry of Health and Wellness as at March 31, 2002 and the consolidated statements of operations and changes in financial position for the year then ended. These consolidated financial statements are the responsibility of the management of the Ministry. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

Described in the following paragraphs are exceptions from Canadian generally accepted accounting principles. In aggregate, as at March 31, 2002, these matters result in an understatement of assets of approximately $4,083 million, an understatement of liabilities of approximately $3,254 million, resulting in recorded net liabilities being converted into net assets of approximately $504 million. Similarly, there is an understatement of revenues of approximately $664 million, an understatement of expenses of approximately $622 million, resulting in a decrease in the excess of expense over revenue of approximately $42 million.

The Ministry of Health and Wellness is required to follow the corporate government accounting policies and reporting practices established by Alberta Finance, including the following policies that are exceptions from Canadian generally accepted accounting principles:

Reporting entity

The consolidated financial statements for the Ministry of Health and Wellness (the "reporting entity") do not include the results of operations and net assets of regional health authorities and Provincial health boards as referred to in Note 2(a). Exclusion of the regional health authorities and the Provincial health boards from the reporting entity is an exception from Canadian generally accepted accounting principles. These principles provide for the inclusion of the results of operations and net assets of organizations that are accountable for the administration of their financial affairs and resources either to a minister of the government or directly to the Legislature, and are owned or controlled by the government. In my opinion, the above noted organizations meet the criteria for inclusion in the reporting entity and, accordingly, the results of operations and net assets of these organizations should be included in the accompanying financial statements.

The following describes, at a summary level, the effect of not including regional health authorities and Provincial health boards in the accompanying financial statements and is intended to illustrate the overall magnitude of the effect on the financial statements. If these entities had been included in the financial statements, the total assets would increase by approximately $4,037 million and total liabilities would increase by approximately $3,254 million as at March 31, 2002, resulting in recorded net liabilities being converted into net assets of approximately $458 million. Similarly, there would be an increase in revenue of approximately $664 million and an increase in expenses of approximately $631 million for the year ended March 31, 2002, resulting in a decrease in the excess of expenses over revenues of approximately $33 million. Had consolidated financial statements been prepared, virtually every account in, and the information provided by way of note to, the accompanying financial statements would have been materially different.

Related Party Transactions

As the corporate government accounting policies followed stipulate that related parties include only those organizations that are part of the government reporting entity, transactions with the regional health authorities and Provincial health boards are not disclosed in these financial statements as transactions with related parties. Under Canadian generally accepted accounting principles, the regional health authorities and Provincial health boards are related parties of the Ministry of Health and Wellness. Since their net assets, revenues and expenses have not been included in these financial statements, a description of the nature and extent of the Ministry's transactions with them should have been included in Schedule 5, Related Party Transactions.

Capital Assets

The Ministry employs a policy of expensing capital asset purchases under $15,000 in the year of acquisition. Consequently, a significant amount of resources available to the Ministry for future use has been recorded as if it had been consumed. It is estimated that at March 31, 2002, assets are understated and net liabilities are overstated by approximately $38 million representing the unconsumed cost of capital assets at that date.
If capital asset purchases expensed on acquisition in the current year and previous years had instead been capitalized, amortization on these assets would have been included as expenses of the current year. As the value of capital asset purchases that were expensed in the current year is greater than the amount that would have been recorded as amortization expense, expenses are overstated for the year ended March 31, 2002 by approximately $4 million.

Vaccine Inventory

> The Ministry has a policy of expensing consumable inventory purchases as they are incurred. Consequently, a significant amount of resources available to the Ministry for future use has been recorded as if it had been consumed. It is estimated that assets are understated and net liabilities are overstated by approximately $8 million, as at March 31, 2002 (2001 - $3 million), which represents the unconsumed cost of vaccine inventory, and expenses are overstated by approximately $5 million for the year ended March 31, 2002.

Effective April 1, 2001 the Ministry changed its accounting policy for capitalizing Wellnet costs. The change was accounted for retroactively without restatement. Accordingly, the work-in-progress balance at March 31, 2002 is reported in accordance with the new accounting policy. However, the comparative amounts were not restated to reflect the change in accounting policy. As a result, the financial statements do not report assets on a comparative basis. Assets, representing work-in-progress, amounting to approximately $10 million are not reported in the comparative amounts (2001) of the financial statements.

In my opinion, because of the effects of the matters discussed under the Reporting Entity heading in the preceding paragraphs, these consolidated financial statements do not present fairly the financial position of the Ministry as at March 31, 2002 and the results of its operations and the changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

Fred J Dunn CA
Auditor General

Edmonton, Alberta
May 23, 2002

MINISTRY OF HEALTH AND WELLNESS
CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 2002

(thousand of dollars)

	2002		2001
	Budget (Schedule 4)	Actual	Actual (Restated - Note 3)
Revenues (Schedule 1)			
Internal Government Transfers	$ 84,065	$ 84,065	$ 127,171
Transfer from the Government of Canada	1,059,872	1,143,448	872,944
Premiums and Fees	691,913	730,344	702,002
Other Revenue	58,679	77,744	59,960
	1,894,529	2,035,601	1,762,077
Expenses - Directly Incurred (Note 2c and Schedules 3 and 6)			
Program			
Regional Health Authorities and Health Boards	3,501,092	3,436,720	3,243,850
Physician Services	1,261,820	1,226,803	1,070,907
Province-Wide Services	350,545	394,466	320,466
Blue Cross Benefit Program	342,402	363,667	309,769
Protection, Promotion, and Prevention	162,099	154,776	121,263
Other Programs	172,643	129,043	134,260
Ministry Support Services	96,948	92,451	83,794
Human Tissue and Blood Services	100,016	104,000	90,016
Allied Health Services	65,553	62,509	60,522
Alberta Alcohol and Drug Abuse Commission	47,833	43,865	37,400
Extended Health Benefits	23,752	23,505	21,360
Systems Development	27,877	14,118	18,179
One-Time Financial Assistance to Health Authorities	-	197,637	8,892
Supplemental Capital Equipment	48,996	48,996	48,735
Premier's Advisory Council on Health	250	327	144
One-time Energy Rebate	40,000	-	-
	6,241,826	6,292,883	5,569,557
Valuation Adjustments			
Health Care Insurance Premiums Revenue Write-Offs	28,863	32,328	44,033
Other Write-Offs	-	16	33
	28,863	32,344	44,066
Provision for Vacation Pay	-	(1,933)	291
	28,863	30,411	44,357
Loss on Disposal of Capital Assets	-	2,129	-
	6,270,689	6,325,423	5,613,914
Net Operating Results	$ (4,376,160)	$ (4,289,822)	$ (3,851,837)

The accompanying notes and schedules are part of these consolidated financial statements

MINISTRY OF HEALTH AND WELLNESS
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2002

(thousand of dollars)

	2002	2001 (Restated - Note 3)
ASSETS		
Cash (Note 4)	$ 8,648	$ 6,670
Accounts Receivable, Travel Advances and Inventory (Note 5)	134,632	178,201
Capital Assets (Note 6)	36,048	7,742
	$ 179,328	$ 192,613
LIABILITIES		
Accounts Payable and Accrued Liabilities (Note 7)	$ 370,540	$ 266,800
Unearned Revenue (Note 8)	133,287	267,940
	503,827	534,740
NET LIABILITIES		
Net Liabilities at Beginning of Year, Before Adjustment	(342,127)	(213,089)
Adjustment (Note 9)	9,987	-
Net Liabilities at Beginning of Year, As Adjusted	(332,140)	(213,089)
Net Operating Results	(4,289,822)	(3,851,837)
Net Transfer from General Revenues	4,297,463	3,722,799
Net Liabilities at End of Year	(324,499)	(342,127)
	$ 179,328	$ 192,613

The accompanying notes and schedules are part of these consolidated financial statements

MINISTRY OF HEALTH AND WELLNESS
CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED MARCH 31, 2002

(thousands of dollars)

	2002	2001 (Restated - Note 3)
Operating Transactions		
Net Operating Results	$ (4,289,822)	$ (3,851,837)
Non-cash items:		
Amortization	1,414	1,549
Loss on Disposal and Write Down of Capital Assets	2,129	-
Health Care Insurance Premiums Revenue Write-Offs	32,328	44,033
Other Write-Offs	16	33
Provision for Vacation Pay	(1,933)	291
	(4,255,868)	(3,805,931)
Decrease (Increase) in Accounts Receivable, Travel Advances and Inventory	11,225	(42,220)
Increase in Accounts Payable and Accrued Liabilities	105,673	27,385
(Decrease) Increase in Unearned Revenue	(134,653)	101,938
Cash (Used) by Operating Transactions	(4,273,623)	(3,718,828)
Investing Transactions		
Purchases of Capital Assets	(22,083)	(3,535)
Net Transfer of Capital Assets	221	-
Cash (Used) by Investing Transactions	(21,862)	(3,535)
Financing Transactions		
Net Transfer from General Revenues	4,297,463	3,722,799
Net Cash Provided	1,978	436
Cash, Beginning of Year	6,670	6,234
Cash, End of Year	$ 8,648	$ 6,670

The accompanying notes and schedules are part of these consolidated financial statements

Note 1 Authority and Purpose

The Minister of Health and Wellness (Minister) has, by the *Government Organization Act* and its regulations, been designated responsibilities for various Acts. To fulfil these responsibilities, the Minister is responsible for the organizations listed in Note 2(a). The authority under which each organization operates is also listed in Note 2(a). Together these organizations form the Ministry of Health and Wellness (Ministry).

The purpose of the Ministry is to maintain and improve the health of Albertans by leading and working collaboratively with citizens and stakeholders. The Ministry leads and supports a system for the delivery of quality health services and encourages and supports healthy living.

Through a leadership role, the Ministry sets direction, policy and provincial standards that ensure quality services and set priorities based on health needs, determine the scope of financial, capital and human resources required, and measure and report on the performance of the system. The Ministry is also engaged in inter-ministerial initiatives to effectively address challenges to the health and well-being of the population.

Note 2 Summary of Significant Accounting Policies and Reporting Practices

These consolidated financial statements are prepared in accordance with the following accounting policies that have been established by government for all ministries. The recommendations of the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants are the primary source for the disclosed basis of accounting. Recommendations of the Accounting Standards Board of the Canadian Institute of Chartered Accountants, other authoritative pronouncements, accounting literature, and published financial statements relating to either the public sector or analogous situations in the private sector are used to supplement the recommendations of the Public Sector Accounting Board where it is considered appropriate.

(a) Reporting Entity

The reporting entity is the Ministry of Health and Wellness. The *Government Accountability Act* defines a Ministry as including the Department and any Provincial agency and Crown-controlled organization for which the Minister is responsible.

Note 2 Summary of Significant Accounting Policies and Reporting Practices (continued)

(a) Reporting Entity (continued)

These consolidated financial statements include the accounts of the following organizations:

Organization	Authority
Department of Health and Wellness	*Government Organization Act*
Alberta Alcohol and Drug Abuse Commission	*Alcohol and Drug Abuse Act*

The accounts of Regional Health Authorities, the Alberta Cancer Board, and the Alberta Mental Health Board are not included in these consolidated financial statements as these accountable organizations are not considered to be part of the Ministry pursuant to section 1(1)(g) of the *Government Accountability Act*.

(b) Basis of Consolidation

Revenue and expense transactions, investing and finance transactions, and related asset and liability accounts between the consolidated organizations were eliminated upon consolidation.

(c) Basis of Financial Reporting

(i) Revenues

All revenues are reported on the accrual method of accounting. Cash received or receivable for which goods or services have not been provided by year-end is recorded as unearned revenue.

(ii) Internal Government Transfers

Internal government transfers are transfers between entities within the government reporting entity where the entity making the transfer does not receive any goods or services directly in return.

Note 2 Summary of Significant Accounting Policies and Reporting Practices (continued)

(c) Basis of Financial Reporting (continued)

(iii) Dedicated Revenue

Dedicated revenue initiatives provide a basis for authorizing spending. Dedicated revenues must be shown as credits or recoveries in the details of the Government Estimates for a supply vote.

If actual dedicated revenues are less than budget and total voted expenses are not reduced by an amount sufficient to cover the deficiency in dedicated revenues, the following year's voted expenses are encumbered. If actual dedicated revenues exceed budget, the Ministry may, with the approval of the Treasury Board, use the excess revenue to fund additional expenses on the program. Schedule 2 discloses information on the Ministry's dedicated revenue initiatives.

(iv) Expenses

Directly Incurred

Directly incurred expenses are those costs the Ministry has primary responsibility and accountability for, as reflected in the Government's budget documents.

Directly incurred expenses include:

- amortization of capital assets.
- pension costs which comprise the cost of employer contributions for current service of employees during the year.
- valuation adjustments which include changes in the valuation allowances used to reflect financial assets at their net recoverable or other appropriate value. Valuation adjustments also represent the change in management's estimate of future payments arising from obligations relating to vacation pay.

Incurred by Others

Expenses incurred by other entities in support of the Ministry's operations are disclosed in Schedule 6. Expenses incurred by others are not included in the Ministry's Statement of Operations.

Note 2 Summary of Significant Accounting Policies and Reporting Practices (continued)

(c) Basis of Financial Reporting (continued)

(v) Assets

Financial assets of the Ministry are limited to financial claims, such as advances to and receivables from other organizations, employees and other individuals as well as cash and inventories held for sale. Assets acquired by right are not included. Capital assets of the Ministry are recorded at historical cost and amortized on a straight-line basis over the estimated useful lives of the assets. Amortization is only charged if the asset is in use. The threshold for capitalizing new systems development is $100,000 and the threshold for all other capital assets is $15,000. All land is capitalized.

Capital assets of the Ministry include work-in-progress for Wellnet systems development. Systems development costs for projects where there is an expected future benefit to the health system are recorded as work in progress. Only projects achieving the technical design phase qualify for capitalization as work-in-progress. These costs are capitalized but not amortized until the asset is in service.

(vi) Liabilities

Liabilities represent all financial claims payable by the Ministry at fiscal year end.

(vii) Net Liabilities

Net liabilities represents the difference between the value of assets held by the Ministry and its liabilities.

(viii) Valuation of Financial Assets and Liabilities

Fair value is the amount of consideration agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

The fair values of accounts receivable, inventory, travel advances, accounts payable and accrued liabilities, and unearned revenue are estimated to approximate their book values.

Note 2 Summary of Significant Accounting Policies and Reporting Practices (continued)

(c) Basis of Financial Reporting (continued)

(ix) Payments under Reciprocal and Other Agreements

The Ministry entered into agreements with other Provincial Governments, the Federal Government and the Workers' Compensation Board to provide services on their behalf.

Expenses incurred and revenue earned in the provision of services under these agreements are recorded in the records of the service providers and are not included in these consolidated financial statements.

Amounts paid and recovered under these agreements are disclosed in Note 12.

(x) Measurement Uncertainty
(amounts in thousands)

Measurement uncertainty exists when there is a significant variance between the amount recognized in the financial statements and another reasonably possible amount.

The allowance for doubtful accounts, in the amount of $88,155 as reported in these consolidated financial statements, is based on an aging analysis of the accounts receivable balance at March 31, 2002 and past collection patterns. The actual amount collected could vary from that estimated.

Note 3 Government Restructuring
(thousands of dollars)

As a result of the government restructuring announced on March 15, 2001, the following changes occurred in the responsibility of the Ministry:

- the Persons with Developmental Disabilities Boards and Foundation, Michener Centre, and the Premier's Council on the Status of Persons with Disabilities were transferred to the Ministry of Community Development
- responsibility for the Healthy Aging Partnership program was transferred to the Ministry of Seniors

Comparatives for 2001 have been restated as if the Ministry had always been assigned its current responsibilities.

Net (liabilities) as previously reported at March 31, 2000	$ (258,976)
Transfers to the Ministry of Community Development	45,887
Net (liabilities), as restated at April 1, 2000	$ (213,089)

Note 4 Cash

(amounts in thousands)

The cash balance consists of the following:

	2002	2001 (Restated - Note 3)
Department of Health and Wellness Collectors Bank Account	$ 2,585	$ 3,359
Alberta Alcohol and Drug Abuse Commission Consolidated Cash Investment Trust Fund	6,053	3,301
Accountable Advances	10	10
	$ 8,648	$ 6,670

Note 5 Accounts Receivable, Travel Advances and Inventory

(amounts in thousands)

	2002			2001
	Gross Amount	Allowance for Doubtful Accounts	Net Realizeable Value	Net Realizeable Value (Restated - Note 3)
Accounts Receivable	$ 220,707	$ 88,155	$ 132,552	$ 175,623
Refunds Receivable	1,908	-	1,908	2,381
Travel Advances	3	-	3	14
Inventory	169	-	169	183
	$ 222,787	$ 88,155	$ 134,632	$ 178,201

Accounts receivables are unsecured.

Note 6 Capital Assets

(amounts in thousands)

	2002				2001
	Estimated Useful Life	Cost	Accumulated Amortization	Net Book Value	Net Book Value (Restated - Note 3)
Systems development work in progress					
Wellnet projects		$ 26,608	$ -	$ 26,608	$ -
Others		2,270	-	2,270	-
		28,878	-	28,878	-
Computer hardware and software	3-10 years	15,893	8,823	7,070	7,549
Equipment	10 years	199	99	100	193
		16,092	8,922	7,170	7,742
		$ 44,970	$ 8,922	$ 36,048	$ 7,742

Note 7 Accounts Payable and Accrued Liabilities

(amounts in thousands)

	2002	2001 (Restated - Note 3)
Accounts payable	$ 135,033	$ 43,054
Accrued liabilities	228,583	216,532
Accrued vacation pay	6,924	7,214
	$ 370,540	$ 266,800

Note 8 Unearned Revenue

(amounts in thousands)

	2002	2001
Changes in unearned revenues are as follows:		
Restricted Cash received during the year:		
Health Canada		
Canada Health and Social Transfer - Health Supplement	$ -	$ 246,995
Medical Equipment Trust Fund	-	97,760
Health Care Insurance Premiums	23,144	22,095
Health Services for Persons with Hepatitis C	10,700	-
Third party recoveries	75	34
Western Health Information Collaborative	-	358
Federal/Provincial/Territorial Meetings	134	-
Institution Fees	34	22
	34,087	367,264
Less amounts recognized as revenue in the year	(168,740)	(265,326)
(Decrease) increase during the year	(134,653)	101,938
Balance at beginning of year	267,940	166,002
Balance at end of year	$ 133,287	$ 267,940
Balances at end of year are comprised of:		
Health Canada - Canada Health and Social Transfer	$ 99,410	$ 196,684
Health Canada - Medical Equipment Trust Fund	-	49,042
Health Care Insurance Premiums	23,144	22,095
Health Services for Persons with Hepatitis C	10,559	-
Third party recoveries	75	34
Western Health Informative Collaborative	-	63
Federal/Provincial/Territorial Meetings	65	-
Institution Fees	34	22
	$ 133,287	$ 267,940

Note 9 Change in Opening Net Liabilities

Effective April 1, 2001 the Ministry changed its capitalization policy for Wellnet systems development. The Ministry capitalizes systems development costs for projects where there is an expected future benefit to the *health system*. This change was applied on a retroactive basis without restatement. An adjustment was made to increase Capital Assets and reduce the Net Liabilities at Beginning of Year in the current period.

Previously, the Ministry capitalized systems development costs where there was an expected future benefit accruing directly to the *Ministry*.

Note 10 Commitments

(amounts in thousands)

For the year ended March 31, 2002, the Ministry has the following commitments:

	2002	2001
Specific programs commitments (a)	$ 1,609,060	$ 2,675,612
Service contracts	49,203	70,262
Equipment leases (b)	2,625	3,865
	$ 1,660,888	$ 2,749,739

(a) Included in 2002 specific program commitments is an amount of $1,358,300 (2001 - $2,539,700) for the provision of medical services by physicians to March 31, 2003 under the agreement signed with the Alberta Medical Association.

(b) The Ministry leases certain equipment under operating leases that expire on various dates. The aggregate amounts payable for the unexpired terms of these leases are as follows:

Year	2002	2001
2002	$ -	$ 1,804
2003	918	1,256
2004	779	583
2005	480	111
2006	448	111
	$ 2,625	$ 3,865

Note 10 Commitments (continued)

(amounts in thousands)

Canadian Blood Services

The Province of Alberta is committed to provide funding to the Canadian Blood Services (CBS). This commitment was outlined in a Memorandum of Understanding, signed in January 1998, which recorded the understandings and commitments of the Minister of Health of Canada and the Provincial and Territorial Ministers of Health (except Quebec) regarding their respective roles and responsibilities in a renewed national blood system.

The Province's obligation for the operational costs of CBS is determined on a per capita basis, and the costs for fractionated blood and blood products is determined on the basis of annual utilization of these products.

During the year, payments to CBS amounted to $104,000 (2001 - $90,016). Budgeted expenditure for the 2003 fiscal year is estimated at $108,681.

Note 11 Contingencies

Hepatitis C

The Ministry was named as defendant in 51 specific legal actions (2001 - 53 specific legal actions) relating to the Hepatitis C virus affected through the Canadian blood system. The total claimed in 38 specific legal actions approximates $583 million (2001 - $585 million). For the other 13 claims, no specified amount has yet been claimed; the amount of these claims will be determined at trial. Fifty of these claims are covered by the Alberta Risk Management Fund. Potential liability for these claims is shared by the Canadian Red Cross Society and the federal government. The resulting loss, if any, from these claims cannot be determined.

Federal, provincial and territorial governments have agreed to offer financial assistance to Canadians who were affected by the Hepatitis C virus through the Canadian blood system during the period from January 1, 1986 to July 1, 1990. The financial package of $1.1 billion is national in scope. Alberta's share of the financial assistance package is estimated at $30 million. The details of assistance will be determined through a negotiation process submitted to the courts for approval. The Ministry made a provision in 1999/2000 for its portion of the Hepatitis C assistance. At March 31, 2002 the unpaid balance of the Ministry's commitment to the financial assistance package was $17,942,000 (2001 - $22,951,000).

Voluntary Hospital Owners

The Ministry is liable under equity agreements entered into in 1969 between the Ministry and Voluntary Hospital Owners. The Ministry's liability is contingent upon termination of the equity agreements and concurrent transfer of ownership to the Province. The payout upon termination is estimated at $28.3 million (2001 - $25.8 million).

Note 11 Contingencies (continued)

Other

At March 31, 2002, the Ministry was named as defendant in 10 other legal actions (2001 - 8 legal actions). Nine of these claims have specified amounts totaling $19.2 million and the remaining has no specified amount (2001 - eight claims with a specified amount of $46.4 million). The Ministry has been named jointly with other government entities in the claim with no specified amount. Two claims (2001 - three claims) amounting to $3.6 million (2001 - $3.8 million) are covered by the Alberta Risk Management Fund. The resulting loss, if any, from these claims cannot be determined.

Note 12 Payments under Reciprocal and Other Agreements

(amounts in thousands)

The Ministry entered into agreements, under the Alberta Health Care Insurance Plan, with other Provincial Governments and the Workers' Compensation Board to provide health services on their behalf. The Ministry pays service providers for services rendered under the agreements and recovers the amount paid from other provinces and the Workers' Compensation Board. Service providers include Regional Health Authorities, Provincial Health Boards and physicians.

The Ministry also entered into an agreement with the Federal Government for the Health Transition Fund (Primary Health Care Project) to support the objective of studying and encouraging the further advancement of primary health care in Alberta. In addition, the Ministry entered into agreements with Health Canada, the Workers' Compensation Board and other provincial governments and territories to provide air ambulance services on their behalf. Payments incurred under these agreements are made by the Ministry under authority of the *Financial Administration Act*, Section 25 (1).

Balances receivable from or payable to the Federal Government, other Provincial Governments and the Workers' Compensation Board are reflected in the Statement of Financial Position.

Note 12 Payments under Reciprocal and Other Agreements (continued)

(amounts in thousands)

	2002					2001
	Health Transition Fund	Other Provincial Government	Workers' Compensation Board	Air Ambulance	Total	Total
Opening receivable balance	$ (73)	$ 15,388	$ (29)	$ 2,439	$ 17,725	$ 23,830
Add: Payments made during the year	280	118,603	13	3,154	122,050	111,960
	207	133,991	(16)	5,593	139,775	135,790
Less: Collections received during the year	207	111,176	4	3,649	115,036	118,065
Closing receivable (payable) balance	$ -	$ 22,815	$ (20)	$ 1,944	$ 24,739	$ 17,725

Note 13 Defined Benefit Plans

(amounts in thousands)

The Ministry participates in the multi-employer pension plans, Management Employees Pension Plan and Public Service Pension Plan. The Ministry also participates in the multi-employer Supplementary Retirement Plan for Public Service Managers. The expense for these pension plans is equivalent to the annual contributions of $3,377 for the year ended March 31, 2002 (2001 - $3,406).

At December 31, 2001, the Management Employees Pension Plan reported a surplus of $5,338 (2000 - $170,858) and the Public Service Pension Plan reported a surplus of $320,487 (2000 - $635,084). At December 31, 2001, the Supplementary Retirement Plan for Public Service Managers had a deficit of $399 (2000 - Surplus $180).

The Ministry also participates in two multi-employer Long-Term Disability Income Continuance Plans. At March 31, 2002, the Bargaining Unit Plan reported an actuarial deficiency of $8,646 (2001 - $12,710) and the Management, Opted Out and Excluded Plan an actuarial deficiency of $2,656 (2001 - $4,583). The expense for these two plans is limited to employer's annual contributions for the year.

Note 14 Comparative Figures

Certain 2001 figures have been reclassified to conform to the 2002 presentation.

Note 15 Approval of Financial Statements

The consolidated financial statements were approved by the Senior Financial Officer and the Deputy Minister.

Schedule 1

MINISTRY OF HEALTH AND WELLNESS
CONSOLIDATED SCHEDULE OF REVENUES
FOR THE YEAR ENDED MARCH 31, 2002

(thousands of dollars)

	2002		2001
	Budget (Schedule 4)	Actual	Actual (Restated - Note 3)
Internal Government Transfers:			
Transfer from the Lottery Fund	$ 84,065	$ 84,065	$ 127,171
	84,065	84,065	127,171
Transfers from the Government of Canada:			
Canada Health and Social Transfer	988,346	1,091,777	819,815
Primary Health Care / Medical Equipment	62,755	49,042	48,718
Other	8,771	2,629	4,411
	1,059,872	1,143,448	872,944
Premiums and Fees:			
Health care insurance:			
Premiums before premium assistance	654,511	793,604	764,472
Less:			
Premium assistance under legislation	-	(98,842)	(100,028)
	654,511	694,762	664,444
Add:			
Penalties	14,929	13,171	15,360
Interest and miscellaneous	450	378	476
Health care insurance premiums, penalties and interest	669,890	708,311	680,280
Non-Group Blue Cross Benefits:			
Premiums before premium assistance	20,000	22,556	22,232
Less:			
Premium assistance under legislation	-	(2,092)	(2,202)
Non-Group Blue Cross premiums	20,000	20,464	20,030
Total premiums	689,890	728,775	700,310
Other	2,023	1,569	1,692
	691,913	730,344	702,002
Other revenue:			
Third party recoveries	56,842	56,840	53,298
Miscellaneous:			
Previous years' refunds of expenditure	600	17,895	4,464
Other	1,237	3,009	2,198
	58,679	77,744	59,960
Total Revenue	$ 1,894,529	$ 2,035,601	$ 1,762,077

MINISTRY OF HEALTH AND WELLNESS
SCHEDULE OF DEDICATED REVENUE INITIATIVES
FOR THE YEAR ENDED MARCH 31, 2002

(thousands of dollars)

	2002		
	Authorized Dedicated Revenues	Actual Dedicated Revenues [a]	(Shortfall)/ Excess
Health Care Insurance Premium Revenue [b]	$ 669,890	$ 708,311	$ 38,421
Non-Group Drug Benefits [c]	20,000	20,464	464
Archival Blood Bank Record Review for Hepatitis C [d]	1,955	116	(1,839)
Health Services for Persons with Hepatitis C [e]	5,300	141	(5,159)
	$ 697,145	$ 729,032	$ 31,887

(a) Revenues from dedicated revenue initiatives are included in the Ministry's revenues in the Statement of Operations.

(b) Albertans contributed to the cost of health programs through Health Care Insurance Premiums. The levels of premiums paid by an individual or family are based on their ability to pay as defined by income. Expenses associated with this initiative are included in the Statement of Operations under the Physician Services expense classification.

(c) Albertans can access public or private supplemental health insurance coverage. The Department provides Non-Group Blue Cross coverage on a premium basis for non-seniors. Seniors are provided coverage, but do not pay premiums. Expenses under the Non-Group Drug Benefits initiative represent the expenses incurred to provide Blue Cross services. Expenses associated with this initiative are included in the Statement of Operations under the Blue Cross Benefit Program expense classification.

(d) Health Canada is providing 50 per cent of the funding to contact all persons who received blood transfusions in Alberta for the period January 1, 1986 to July 1, 1990. Those persons will be advised to seek testing and treatment, as they may have been exposed to the Hepatitis C (HCV) virus. Expenses associated with this initiative are included in the Statement of Operations under the Other Programs expense classification.

(e) Health Canada is providing funding to provide health services to individuals who acquired the Hepatitis C virus from blood and blood products prior to Jan 1, 1986 and after July 1, 1990. The funding will be used to treat the HCV infection using antiviral drug therapies, immunization and nursing care. Expenses associated with this initiative are included in the Statement of Operations under the Other Programs expense classification.

Schedule 3

MINISTRY OF HEALTH AND WELLNESS
CONSOLIDATED SCHEDULE OF
EXPENSE - DIRECTLY INCURRED DETAILED BY OBJECT
FOR THE YEAR ENDED MARCH 31, 2002

(thousands of dollars)

	2002		2001
	Budget	Actual	Actual
	(Schedule 4)		(Restated - Note 3)
Program Expenses:			
Grants	$ 6,035,323	$ 6,096,854	$ 5,403,943
Supplies and Services	138,680	129,776	104,701
Salaries, Wages and Employee Benefits	65,544	64,698	59,193
Amortization of Capital Assets	2,154	1,414	1,549
Other	125	141	171
Total Expenses	$ 6,241,826	$ 6,292,883	$ 5,569,557

Schedule 4

MINISTRY OF HEALTH AND WELLNESS
CONSOLIDATED SCHEDULE OF BUDGET
FOR THE YEAR ENDED MARCH 31, 2002

(thousands of dollars)

	2001-02 Budget	Authorized Supplementary [a]	2001-02 Authorized Budget
Revenues:			
Internal Government Transfers	$ 84,065	$ -	$ 84,065
Transfer from Government of Canada	1,059,872	-	1,059,872
Premiums and Fees	691,913	-	691,913
Other Revenue	58,679	-	58,679
	1,894,529	-	1,894,529
Expenses - Directly Incurred:			
Program			
Regional Health Authorities and Health Boards	3,501,092	-	3,501,092
Physician Services	1,261,820	-	1,261,820
Province-Wide Services	350,545	-	350,545
Blue Cross Benefit Program	342,402	-	342,402
Protection, Promotion, and Prevention	162,099	10,900	172,999
Other Programs	172,643	-	172,643
Human Tissue and Blood Services	100,016	-	100,016
Ministry Support Services	96,948	-	96,948
Allied Health Services	65,553	-	65,553
Extended Health Benefits	23,752	-	23,752
Systems Development	27,877	-	27,877
One-Time Financial Assistance	-	107,843	107,843
Premier's Advisory Council on Health	250	-	250
One Time Energy	40,000	-	40,000
AADAC	47,833	-	47,833
Supplemental Capital Equipment	48,996	-	48,996
	6,241,826	118,743	6,360,569
Valuation Adjustments			
Health Care Insurance Premiums Revenue Write-Offs	28,863	-	28,863
Provision for Vacation Pay	-	-	-
	28,863	-	28,863
Loss on Disposal and Write Down of Capital Assets	-	-	-
Total Expense	6,270,689	118,743	6,389,432
Net Operating Results	$ (4,376,160)	$ (118,743)	$ (4,494,903)
Capital Investment	$ 1,855	$ -	$ 1,855

[a] Supplementary Estimates were approved on November 29, 2001.

Schedule 5

MINISTRY OF HEALTH AND WELLNESS
CONSOLIDATED SCHEDULE OF RELATED PARTY TRANSACTIONS
FOR THE YEAR ENDED MARCH 31, 2002

(thousands of dollars)

Related parties are those entities consolidated or accounted for on a modified equity basis in the Province of Alberta's financial statements. Related parties also include management in the Ministry.

The Ministry and its employees paid or collected certain taxes and fees set by regulation for permits, licenses and other charges. These amounts were incurred in the normal course of business, reflect charges applicable to all users, and have been excluded from this Schedule.

The Ministry had the following transactions with related parties recorded in the Statement of Operations and Financial Position at the amount of consideration agreed upon between the related parties:

	2002	2001 (Restated - Note 3)
Revenue - Internal Government Transfers	$ 84,065	$ 127,171
Expenses - Directly Incurred:		
Other Services	$ 24,383	$ 2,961
Capital Assets Transferred	$ 221	$ -
Receivable from/(payable) to	$ (19)	$ (5)

The Ministry also had the following transactions with related parties for which no consideration was exchanged. The amounts for these related party transactions are estimated based on the costs incurred by the service provider to provide the service. These amounts are not recorded in the consolidated financial statements and are disclosed in Schedule 6.

	2002	2001 (Restated - Note 3)
Expenses - Incurred by Others:		
Accommodation	$ 10,146	$ 9,151
Other Services	1,352	1,081
	$ 11,498	$ 10,232

Schedule 6

MINISTRY OF HEALTH AND WELLNESS
CONSOLIDATED SCHEDULE OF ALLOCATED COSTS
FOR THE YEAR ENDED MARCH 31, 2002

(thousands of dollars)

	2002							2001
		Expenses - Incurred by Others			Valuation Adjustments			
	Expenses [a]	Accommodation Costs	Legal Services	Vacation Pay	Health Care Insurance Premiums Revenue Write-Offs	Other Write-Offs	Total	Total
Program								
Regional Health Authorities and Health Boards	$ 3,436,720	$ 98	$ -	$ -	$ -	$ -	$ 3,436,818	$ 3,243,948
Physician Services	1,226,803	16	-	-	-	-	1,226,819	1,070,926
Province-Wide Services	394,466	-	-	-	-	-	394,466	320,466
Blue Cross Benefit Program	363,667	-	-	-	-	-	363,667	309,769
Protection, Promotion, and Prevention	154,776	535	-	(130)	-	-	155,181	121,851
Other Programs	129,043	103	-	-	-	-	129,146	134,416
Ministry Support Services	92,451	3,345	1,246	(2,326)	-	-	94,716	87,937
Human Tissue and Blood Services	104,000	-	-	-	-	-	104,000	90,016
Allied Health Services	62,509	-	-	-	-	-	62,509	60,522
Alberta Alcohol and Drug Abuse Commission	43,865	5,903	27	529	-	16	50,340	42,681
Extended Health Benefits	23,505	-	-	-	-	-	23,505	21,360
Systems Development	14,118	146	79	(6)	-	-	14,337	18,450
One-Time Financial Assistance to Health Authorities	197,637	-	-	-	-	-	197,637	8,892
Supplemental Capital Equipment	48,996	-	-	-	-	-	48,996	48,735
Premier's Advisory Council on Health	327	-	-	-	-	-	327	144
One-time Energy Rebate	-	-	-	-	-	-	-	-
Health Care Insurance Premiums Revenue Write-Offs [b]	-	-	-	-	32,328	-	32,328	44,033
	$ 6,292,883	$ 10,146	$ 1,352	$ (1,933)	$ 32,328	$ 16	$ 6,334,792	$ 5,624,146

[a] Expenses - Directly Incurred as per Statement of Operations, excluding valuation adjustments

[b] Health Care Insurance Premiums Revenue Write-Offs relate to Premiums and Fees revenue. They cannot be reasonably allocated to other expenses of the Ministry.

Schedule 7

MINISTRY OF HEALTH AND WELLNESS
CONSOLIDATED SCHEDULE OF DISTRIBUTION OF PAYMENTS TO PHYSICIANS
FOR THE YEAR ENDED MARCH 31, 2002
(thousands of dollars)

Health Region	2002	2001
Chinook	$ 57,830	$ 53,151
Palliser	36,881	33,021
Headwaters	27,446	25,178
Calgary	360,922	323,403
Health Authority #5	19,837	17,903
David Thompson	67,165	64,540
East Central	35,899	33,499
Westview	32,787	28,536
Crossroads	18,351	13,944
Capital Health	333,751	304,507
Aspen	34,435	26,939
Lakeland	35,628	37,296
Mistahia	24,888	23,203
Peace	7,728	5,849
Keeweetinok Lakes	9,759	9,063
Northern Lights	13,771	12,030
Northwestern	5,213	4,816
TOTAL	$ 1,122,291	$ 1,016,878

Payments represent the cost of physician fees paid by Alberta Health and Wellness for services rendered to patients according to their residency by health region. The payments to physicians also include chiropractic, oral surgery and podiatry service fees.

Department of Health and Wellness

Financial Statements

March 31, 2002

DEPARTMENT OF HEALTH AND WELLNESS

FINANCIAL STATEMENTS

MARCH 31, 2002

Auditor's Report

Statement of Operations

Statement of Financial Position

Statement of Changes in Financial Position

Notes to the Financial Statements

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Schedule 2 - Dedicated Revenue Initiatives

Schedule 3 - Expense Directly Incurred Detailed by Object

Schedule 4 - Budget

Schedule 5 - Comparison of Expenses by Element to Authorized Budget

Schedule 6 - Salaries and Benefits

Schedule 7 - Related Party Transactions

Schedule 8 - Allocated Costs

AUDITOR
GENERAL
Alberta

AUDITOR'S REPORT

To the Minister of Health and Wellness

I have audited the statement of financial position of the Department of Health and Wellness as at March 31, 2002 and the statements of operations and changes in financial position for the year then ended. These financial statements are the responsibility of the management of the Department. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

Described in the following paragraphs are exceptions from Canadian generally accepted accounting principles. In aggregate, as at March 31, 2002, these matters result in an understatement of assets of approximately $44 million, an overstatement of net liabilities of approximately $44 million, and overstatement of expenses of approximately $8 million.

The Department of Health and Wellness is required to follow the corporate government accounting policies and reporting practices established by Alberta Finance, including the following policies that are exceptions from Canadian generally accepted accounting principles:

> Related Party Transactions
>
> As the corporate government accounting policies followed stipulate that related parties include only those organizations that are part of the government reporting entity, transactions with the regional health authorities and Provincial health boards are not disclosed in these financial statements as transactions with related parties. Under Canadian generally accepted accounting principles, the regional health authorities and Provincial health boards are related parties of the Department of Health and Wellness. Since their net assets, revenues and expenses have not been included in these financial statements, a description of the nature and extent of the Department's transactions with them should have been included in Schedule 7, Related Party Transactions. Also, Schedule 7 should

disclose the expense for funding provided to regional health authorities and Provincial health boards amounting to approximately $4,239 million and accrued liabilities of approximately $90 million.

Capital Assets

The Department employs a policy of expensing capital asset purchases under $15,000 in the year of acquisition. Consequently, a significant amount of resources available to the Department for future use has been recorded as if it had been consumed. It is estimated that at March 31, 2002, assets are understated and net liabilities are overstated by approximately $36 million, representing the unconsumed cost of capital assets at that date.

If capital asset purchases expensed on acquisition in the current year and previous years had instead been capitalized, amortization on these assets would have been included as expenses of the current year. As the value of capital asset purchases that were expensed in the current year is greater than the amount that would have been recorded as amortization expense, expenses are overstated for the year ended March 31, 2002 by approximately $3 million.

Vaccine Inventory

The Department has a policy of expensing consumable inventory purchases as they are incurred. Consequently, a significant amount of resources available to the Department for future use has been recorded as if it had been consumed. It is estimated that assets are understated and net liabilities are overstated by approximately $8 million, as at March 31, 2002 (2001 - $3 million), which represents the unconsumed cost of vaccine inventory, and expenses are overstated by approximately $5 million for the year ended March 31, 2002.

Effective April 1, 2001 the Department changed its accounting policy for capitalizing Wellnet costs. The change was accounted for retroactively without restatement. Accordingly, the work-in-progress balance at March 31, 2002 is reported in accordance with the new accounting policy. However, the comparative amounts were not restated to reflect the change in accounting policy. As a result, the financial statements do not report assets on a comparative basis. Assets, representing work-in-progress, amounting to approximately $10 million are not reported in the comparative amounts (2001) of the financial statements.

In my opinion, except for the effects of the matters discussed in the preceding paragraphs, these financial statements present fairly, in all material respects, the financial position of the Department as at March 31, 2002 and the results of its operations and the changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

Fred J Dunn CA
Auditor General

Edmonton, Alberta
May 23, 2002

DEPARTMENT OF HEALTH AND WELLNESS
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 2002
(thousands of dollars)

	2002		2001
	Budget	Actual	Actual
	(Schedule 4)		(Restated - Note 3)
Revenues (Schedule 1)			
Internal Government Transfers	$ 84,065	$ 84,065	$ 127,171
Transfer from the Government of Canada	1,059,872	1,143,448	872,944
Premiums and Fees	689,990	728,850	700,424
Other Revenue	58,468	76,908	59,174
	1,892,395	2,033,271	1,759,713
Expenses - Directly Incurred (Note 2b (iv) and Schedule 8)			
Voted (Schedules 3 and 5)			
Ministry Support Services	114,292	108,624	99,371
Health Services	6,079,701	6,140,514	5,432,807
Assistance to Alberta Alcohol and Drug Abuse Commission	45,699	43,949	35,146
	6,239,692	6,293,087	5,567,324
Statutory (Schedule 5)			
Valuation Adjustments			
Health Care Insurance Premiums Revenue Write-Offs	28,863	32,328	44,033
Provision for Vacation Pay	-	(2,462)	256
	28,863	29,866	44,289
	6,268,555	6,322,953	5,611,613
Loss on Disposal of Capital Assets	-	2,129	-
Net Operating Results	$ (4,376,160)	$ (4,291,811)	$ (3,851,900)

The accompanying notes and schedules are part of these financial statements

DEPARTMENT OF HEALTH AND WELLNESS
STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2002
(thousands of dollars)

	2002	2001 (Restated - Note 3)
ASSETS		
Cash	$ 2,587	$ 3,361
Accounts Receivable (Note 4)	135,025	177,799
Travel Advances	-	6
Capital Assets (Note 5)	35,849	7,657
	$ 173,461	$ 188,823
LIABILITIES		
Accounts Payable and Accrued Liabilities (Note 6)	$ 365,326	$ 261,662
Unearned Revenue (Note 7)	133,253	267,918
	498,579	529,580
NET LIABILITIES		
Net Liabilities at Beginning of Year, Before Adjustment	(340,757)	(211,656)
Adjustment (Note 8)	9,987	-
Net Liabilities at Beginning of Year, As Adjusted	(330,770)	(211,656)
Net Operating Results	(4,291,811)	(3,851,900)
Net Transfer from General Revenues	4,297,463	3,722,799
Net Liabilities at End of Year	(325,118)	(340,757)
	$ 173,461	$ 188,823

The accompanying notes and schedules are part of these financial statements

DEPARTMENT OF HEALTH AND WELLNESS
STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED MARCH 31, 2002

(thousands of dollars)

	2002	2001 (Restated - Note 3)
Operating Transactions		
Net Operating Results	$ (4,291,811)	$ (3,851,900)
Non-cash items:		
Amortization	1,369	1,469
Loss on Disposal of Capital Assets	2,129	-
Health Care Insurance Premiums Revenue Write-Offs	32,328	44,033
Provision for Vacation Pay	(2,462)	256
	(4,258,447)	(3,806,142)
Decrease (Increase) in Accounts Receivable	10,446	(42,292)
Decrease in Travel Advances	6	5
Increase in Accounts Payable and Accrued Liabilities	106,126	27,730
(Decrease) Increase in Unearned Revenue	(134,665)	101,936
Cash (Used) by Operating Transactions	(4,276,534)	(3,718,763)
Investing Transactions		
Purchases of Capital Assets (Schedule 5)	(21,924)	(3,504)
Net Transfer of Capital Assets	221	-
Cash (Used) by Investing Transactions	(21,703)	(3,504)
Financing Transactions		
Net Transfer from General Revenues	4,297,463	3,722,799
Net Cash (Used) Provided	(774)	532
Cash, Beginning of Year	3,361	2,829
Cash, End of Year	$ 2,587	$ 3,361

The accompanying notes and schedules are part of these financial statements

DEPARTMENT OF HEALTH AND WELLNESS
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2002

Note 1 Authority and Purpose

The Department of Health and Wellness (the "Department") operates under the authority of the *Government Organization Act*, Chapter G-10, Revised Statutes of Alberta, 2000. The purpose of the Department is to maintain and improve the health of Albertans by leading and working collaboratively with citizens and stakeholders. The Department leads and supports a system for the delivery of quality health services and encourages and supports healthy living.

Through a leadership role, the Department sets direction, policy and provincial standards that ensure quality services and set priorities based on health needs, determine the scope of financial, capital and human resources required, and measure and report on the performance of the system. The Department is also engaged in inter-ministerial initiatives to effectively address challenges to the health and well-being of the population.

Note 2 Summary of Significant Accounting Policies and Reporting Practices

These financial statements are prepared in accordance with the following accounting policies that have been established by government for all departments. The recommendations of the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants are the primary source for the disclosed basis of accounting. Recommendations of the Accounting Standards Board of the Canadian Institute of Chartered Accountants, other authoritative pronouncements, accounting literature, and published financial statements relating to either the public sector or analogous situations in the private sector are used to supplement the recommendations of the Public Sector Accounting Board where it is considered appropriate.

(a) Reporting Entity

The reporting entity is the Department of Health and Wellness, which is part of the Ministry of Health and Wellness and for which the Minister of Health and Wellness is accountable.

Other entities reporting to the Minister are the Regional Health Authorities, the Alberta Cancer Board, Alberta Mental Health Board, and the Alberta Alcohol and Drug Abuse Commission. The activities of these organizations are not included in these financial statements.

The Ministry Annual Report provides a more comprehensive accounting of the financial position and results of the Ministry's operations for which the Minister is accountable. All departments of the Government of Alberta operate within the General Revenue Fund (the Fund). The Fund is administered by the Minister of Finance. All cash receipts of departments are deposited into the Fund and all cash disbursements made by departments are paid from the Fund. Net transfer from General Revenues is the difference between all cash receipts and all cash disbursements made.

Note 2 Summary of Significant Accounting Policies and Reporting Practices (continued)

(b) Basis of Financial Reporting

(i) Revenues

All revenues are reported on the accrual method of accounting. Cash received for which goods or services have not been provided by year-end is recorded as unearned revenue.

(ii) Internal Government Transfers

Internal government transfers are transfers between entities within the government reporting entity where the entity making the transfer does not receive any goods or services directly in return.

(iii) Dedicated Revenue

Dedicated revenue initiatives provide a basis for authorizing spending. Dedicated revenues must be shown as credits or recoveries in the details of the Government Estimates for a supply vote.

If actual dedicated revenues are less than budget and total voted expenses are not reduced by an amount sufficient to cover the deficiency in dedicated revenues, the following year's voted expenses are encumbered. If actual dedicated revenues exceed budget, the Department may, with the approval of the Treasury Board, use the excess revenue to fund additional expenses on the program. Schedule 2 discloses information on the Department's dedicated revenue initiatives.

(iv) Expenses

Directly Incurred

Directly incurred expenses are those costs the Department has primary responsibility and accountability for, as reflected in the Government's budget documents.

Directly incurred expenses include:

- amortization of capital assets.
- pension costs which comprise the cost of employer contributions for current service of employees during the year.
- valuation adjustments which include changes in the valuation allowances used to reflect financial assets at their net recoverable or other appropriate value. Valuation adjustments also represent the change in management's estimate of future payments arising from obligations relating to vacation pay.

Note 2 Summary of Significant Accounting Policies and Reporting Practices (continued)

(b) Basis of Financial Reporting (continued)

(iv) Expenses (continued)

Incurred by Others

Expenses incurred by other entities in support of the Department's operations are disclosed in Schedule 8. Expenses incurred by others are not included in the Department's statement of operations.

(v) Assets

Financial assets of the Department are limited to financial claims, such as advances to and receivables from other organizations, employees and other individuals as well as the bank balance established under the Health Care Insurance Plan. Assets acquired by right are not included. Capital assets of the Department are recorded at historical cost and amortized on a straight-line basis over the estimated useful lives of the assets. Amortization is only charged if the asset is in use. The threshold for capitalizing new systems development is $100,000 and the threshold for all other capital assets is $15,000. All land is capitalized.

Capital assets of the Department include work-in-progress for Wellnet systems development. Systems development costs for projects where there is an expected future benefit to the health system are recorded as work in progress. Only projects achieving the technical design phase qualify for capitalization as work-in-progress. These costs are capitalized but not amortized until the asset is in service.

(vi) Liabilities

Liabilities represent all financial claims payable by the Department at fiscal year end.

(vii) Net Liabilities

Net liabilities represents the difference between the value of assets held by the Department and its liabilities.

Note 2 Summary of Significant Accounting Policies and Reporting Practices (continued)

(b) Basis of Financial Reporting (continued)

(viii) Valuation of Financial Assets and Liabilities

Fair value is the amount of consideration agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

The fair values of accounts receivable, travel advances, accounts payable and accrued liabilities, and unearned revenue are estimated to approximate their book values.

(ix) Payments under Reciprocal and Other Agreements

The Department entered into agreements with other Provincial Governments, the Federal Government and the Workers' Compensation Board to provide services on their behalf.

Expenses incurred and revenue earned in the provision of services under these agreements are recorded in the records of the service providers and are not included in these financial statements. Amounts paid and recovered under these agreements are disclosed in Note 11.

(x) Measurement Uncertainty
(amount in thousands)

Measurement uncertainty exists when there is a significant variance between the amount recognized in the financial statements and another reasonably possible amount.

The allowance for doubtful accounts, in the amount of $88,074 as reported in Note 4 to these financial statements, is based on an aging analysis of the accounts receivable balance at March 31, 2002 and past collection patterns. The actual amount collected could vary from that estimated.

Note 3 Government Restructuring

(amounts in thousands)

As a result of the government restructuring announced on March 15, 2001, the following changes occurred in the responsibility of the Department:

- the Persons with Developmental Disabilities Boards and Foundation, Michener Centre, and the Premier's Council on the Status of Persons with Disabilities were transferred to the Ministry of Community Development
- responsibility for the Healthy Aging Partnership program was transferred from the Department to the Ministry of Seniors

Note 3 Government Restructuring (continued)

(amounts in thousands)

Comparatives for 2001 have been restated as if the Department had always been assigned its current responsibilities.

Net (liabilities) as previously reported at March 31, 2000	$ (261,668)
Transfers to the Department of Community Development	50,012
Net (liabilities), as restated at April 1, 2000	$ (211,656)

Note 4 Accounts Receivable

(amounts in thousands)

	2002			2001
	Gross Amount	Allowance for Doubtful Accounts	Net Realizeable Value	Net Realizeable Value (Restated - Note 3)
Accounts Receivable	$ 220,341	$ 88,074	$ 132,267	$ 175,418
Refunds Receivable	2,758	-	2,758	2,381
	$ 223,099	$ 88,074	$ 135,025	$ 177,799

Accounts receivable are unsecured.

Note 5 Capital Assets

	2002				2001
	Estimated Useful Life	Cost	Accumulated Amortization	Net Book Value	Net Book Value (Restated - Note 3)
Systems Development work in progress					
Wellnet projects		$ 26,608	$ -	$ 26,608	$ -
Others		2,270	-	2,270	-
		28,878	-	28,878	-
Computer hardware and software	3-10 years	15,567	8,612	6,955	7,514
Equipment	10 years	43	27	16	143
		15,610	8,639	6,971	7,657
		$ 44,488	$ 8,639	$ 35,849	$ 7,657

Note 6 Accounts Payable and Accrued Liabilities

(amounts in thousands)

	2002	2001 (Restated Note 3)
Accounts payable	$ 134,618	$ 42,119
Accrued liabilities	226,539	214,555
Accrued vacation pay	4,169	4,988
	$ 365,326	$ 261,662

Note 7 Unearned Revenue

(amounts in thousands)

	2002	2001
Changes in unearned revenues are as follows:		
Restricted Cash received during the year:		
Health Canada		
Canada Health and Social Transfer - Health Supplement	$ -	$ 246,995
Medical Equipment Trust Fund	-	97,760
Health Care Insurance Premiums	23,144	22,095
Health Services for Persons with Hepatitis C	10,700	-
Third party recoveries	75	34
Western Health Information Collaborative	-	358
Federal/Provincial/Territorial Meetings	134	-
	34,053	367,242
Less amounts recognized as revenue in the year	(168,718)	(265,306)
(Decrease) increase during the year	(134,665)	101,936
Balance at beginning of year	267,918	165,982
Balance at end of year	$ 133,253	$ 267,918
Balances at end of year are comprised of:		
Health Canada - Canada Health and Social Transfer	$ 99,410	$ 196,684
Health Canada - Medical Equipment Trust Fund	-	49,042
Health Care Insurance Premiums	23,144	22,095
Health Services for Persons with Hepatitis C	10,559	-
Third party recoveries	75	34
Western Health Informative Collaborative	-	63
Federal/Provincial/Territorial Meetings	65	-
	$ 133,253	$ 267,918

Note 8 Change in Opening Net Liabilities

Effective April 1, 2001 the Department changed its capitalization policy for Wellnet systems development. The Department capitalizes systems development costs for projects where there is an expected future benefit to the *health system*. This change was applied on a retroactive basis without restatement. An adjustment was made to increase Capital Assets and reduce the Net Liabilities at Beginning of Year in the current period.

Previously, the Department capitalized systems development costs where there was an expected future benefit accruing directly to the *Department*.

Note 9 Commitments

(amounts in thousands)

As at March 31, 2002, the Department has the following commitments:

	2002	2001
Specific programs commitments (a)	$ 1,609,060	$ 2,675,612
Service contracts	48,312	70,262
Equipment leases (b)	2,342	3,865
	$ 1,659,714	$ 2,749,739

(a) Included in 2002 specific program commitments is an amount of $1,358,300 (2001 - $2,539,700) for the provision of medical services by physicians to March 31, 2003 under the agreement signed with the Alberta Medical Association.

(b) The Department leases certain equipment under operating leases that expire on various dates. The aggregate amounts payable for the unexpired terms of these leases are as follows:

Year	2002	2001
2002	$ -	$ 1,804
2003	803	1,256
2004	689	583
2005	425	111
2006	425	111
	$ 2,342	$ 3,865

Note 9 Commitments (continued)

(amounts in thousands)

Canadian Blood Services

The Province of Alberta is committed to provide funding to the Canadian Blood Services (CBS). This commitment was outlined in a Memorandum of Understanding, signed in January 1998, which recorded the understandings and commitments of the Minister of Health of Canada and the Provincial and Territorial Ministers of Health (except Quebec) regarding their respective roles and responsibilities in a renewed national blood system.

The Province's obligation for the operational costs of CBS is determined on a per capita basis, and the costs for fractionated blood and blood products is determined on the basis of annual utilization of these products.

During the year, payments to CBS amounted to $104,000 (2001 - $90,016). Budgeted expenditure for the 2003 fiscal year is estimated at $108,681.

Note 10 Contingencies

Hepatitis C

The Department was named as defendant in 51 specific legal actions (2001 - 53 specific legal actions) relating to the Hepatitis C virus affected through the Canadian blood system. The total claimed in 38 specific legal actions approximates $583 million (2001 - $585 million). For the other 13 claims, no specified amount has yet been claimed; the amount of these claims will be determined at trial. Fifty of these claims are covered by the Alberta Risk Management Fund. Potential liability for these claims is shared by the Canadian Red Cross Society and the federal government. The resulting loss, if any, from these claims cannot be determined.

Federal, provincial and territorial governments have agreed to offer financial assistance to Canadians who were affected by the Hepatitis C virus through the Canadian blood system during the period from January 1, 1986 to July 1, 1990. The financial package of $1.1 billion is national in scope. Alberta's share of the financial assistance package is estimated at $30 million. The details of assistance will be determined through a negotiation process submitted to the courts for approval. The Department made a provision in 1999/2000 for its portion of the Hepatitis C assistance. At March 31, 2002 the unpaid balance of the Department's commitment to the financial assistance package was $17,942,000 (2001 - $22,951,000).

Voluntary Hospital Owners

The Department is liable under equity agreements entered into in 1969 between the Department and Voluntary Hospital Owners. The Department's liability is contingent upon termination of the equity agreements and concurrent transfer of ownership to the Province. The payout upon termination is estimated at $28.3 million (2001 - $25.8 million).

Note 10 Contingencies (continued)

Other

At March 31, 2002, the Department was named as defendant in 10 other legal actions (2001 - 8 legal actions). Nine of these claims have specified amounts totalling $19.2 million and the remaining has no specified amount (2001 - eight claims with a specified amount of $46.4 million). The Department has been named jointly with other government entities in the claim with no specified amount. Two claims (2001 - three claims) amounting to $3.6 million (2001 - $3.8 million) are covered by the Alberta Risk Management Fund. The resulting loss, if any, from these claims cannot be determined.

Note 11 Payments under Reciprocal and Other Agreements

(amounts in thousands)

The Department entered into agreements, under the Alberta Health Care Insurance Plan, with other Provincial Governments and the Workers' Compensation Board to provide health services on their behalf. The Department pays service providers for services rendered under the agreements and recovers the amount paid from other provinces and the Workers' Compensation Board. Service providers include Regional Health Authorities, Provincial Health Boards and physicians.

The Department also entered into an agreement with the Federal Government for the Health Transition Fund (Primary Health Care Project) to support the objective of studying and encouraging the further advancement of primary health care in Alberta. In addition, the Department entered into agreements with Health Canada, the Workers' Compensation Board and other provincial governments and territories to provide air ambulance services on their behalf. Payments incurred under these agreements are made by the Department under authority of the *Financial Administration Act*, Section 25 (1).

Balances receivable from or payable to the Federal Government, other Provincial Governments and the Workers' Compensation Board are reflected in the Statement of Financial Position.

Note 11 Payments under Reciprocal and Other Agreements (continued)

(amounts in thousands)

	2002					2001
	Health Transition Fund	Other Provincial Government	Workers' Compensation Board	Air Ambulance	Total	Total
Opening receivable balance	$ (73)	$ 15,388	$ (29)	$ 2,439	$ 17,725	$ 23,830
Add: Payments made during the year	280	118,603	13	3,154	122,050	111,960
	207	133,991	(16)	5,593	139,775	135,790
Less: Collections received during the year	207	111,176	4	3,649	115,036	118,065
Closing receivable (payable) balance	$ -	$ 22,815	$ (20)	$ 1,944	$ 24,739	$ 17,725

Note 12 Defined Benefit Plans

(amounts in thousands)

The Department participates in the multi-employer pension plans, Management Employees Pension Plan and Public Service Pension Plan. The Department also participates in the multi-employer Supplementary Retirement Plan for Public Service Managers. The expense for these pension plans is equivalent to the annual contributions of $2,279 for the year ended March 31, 2002 (2001 - $2,479).

At December 31, 2001, the Management Employees Pension Plan reported a surplus of $5,338 (2000 - $170,858) and the Public Service Pension Plan reported a surplus of $320,487 (2000 - $635,084). At December 31, 2001, the Supplementary Retirement Plan for Public Service Managers had a deficit of $399 (2000 - Surplus $180).

The Department also participates in two multi-employer Long Term Disability Income Continuance Plans. At March 31, 2002, the Bargaining Unit Plan reported an actuarial deficiency of $8,646 (2001 - $12,710) and the Management, Opted Out and Excluded Plan an actuarial deficiency of $2,656 (2001 - $4,583). The expense for these two plans is limited to employer's annual contributions for the year.

Note 13 Comparative Figures

Certain 2001 figures have been reclassified to conform to the 2002 presentation.

Note 14 Approval of Financial Statements

The financial statements were approved by the Senior Financial Officer and the Deputy Minister.

Schedule 1

DEPARTMENT OF HEALTH AND WELLNESS
SCHEDULE OF REVENUES
FOR THE YEAR ENDED MARCH 31, 2002

(thousands of dollars)

	2002		2001
	Budget (Schedule 4)	Actual	Actual (Restated - Note 3)
Internal Government Transfers:			
Transfer from the Lottery Fund	$ 84,065	$ 84,065	$ 127,171
	84,065	84,065	127,171
Transfers from the Government of Canada:			
Canada Health and Social Transfer	988,346	1,091,777	819,815
Primary Health Care / Medical Equipment	62,755	49,042	48,718
Other	8,771	2,629	4,411
	1,059,872	1,143,448	872,944
Premiums and Fees:			
Health care insurance:			
Premiums before premium assistance	654,511	793,604	764,472
Less:			
Premium assistance under legislation	-	(98,842)	(100,028)
	654,511	694,762	664,444
Add:			
Penalties	14,929	13,171	15,360
Interest and miscellaneous	450	378	476
Health care insurance premiums, penalties and interest	669,890	708,311	680,280
Non-Group Blue Cross Benefits:			
Premiums before premium assistance	20,000	22,556	22,232
Less:			
Premium assistance under legislation	-	(2,092)	(2,202)
Non-Group Blue Cross premiums	20,000	20,464	20,030
Total premiums	689,890	728,775	700,310
Other	100	75	114
	689,990	728,850	700,424
Other revenue:			
Third party recoveries	56,842	56,840	53,298
Miscellaneous:			
Previous years' refunds of expenditure	600	17,895	4,071
Other	1,026	2,173	1,805
	58,468	76,908	59,174
Total Revenue	$ 1,892,395	$ 2,033,271	$ 1,759,713

DEPARTMENT OF HEALTH AND WELLNESS
SCHEDULE OF DEDICATED REVENUE INITIATIVES
FOR THE YEAR ENDED MARCH 31, 2002

(thousands of dollars)

	2002		
	Authorized Dedicated Revenues	Actual Dedicated Revenues [a]	(Shortfall)/ Excess
Health Care Insurance Premium Revenue [b]	$ 669,890	$ 708,311	$ 38,421
Non-Group Drug Benefits [c]	20,000	20,464	464
Archival Blood Bank Record Review for Hepatitis C [d]	1,955	116	(1,839)
Health Services for Persons with Hepatitis C [e]	5,300	141	(5,159)
	$ 697,145	$ 729,032	$ 31,887

[a] Revenues from dedicated revenue initiatives are included in the Department's revenues in the Statement of Operations.

[b] Albertans contributed to the cost of health programs through Health Care Insurance Premiums. The levels of premiums paid by an individual or family are based on their ability to pay as defined by income. Expenses associated with this initiative are included in the Statement of Operations under the Health Services expense classification.

[c] Albertans can access public or private supplemental health insurance coverage. The Department provides Non-Group Blue Cross coverage on a premium basis for non-seniors. Seniors are provided coverage, but do not pay premiums. Expenses under the Non-Group Drug Benefits initiative represent the expenses incurred to provide Blue Cross services. Expenses associated with this initiative are included in the Statement of Operations under the Health Services expense classification.

[d] Health Canada is providing 50 per cent of the funding to contact all persons who received blood transfusions in Alberta for the period January 1, 1986 to July 1, 1990. Those persons will be advised to seek testing and treatment, as they may have been exposed to the Hepatitis C (HCV) virus. Expenses associated with this initiative are included in the Statement of Operations under the Health Services expense classification.

[e] Health Canada is providing funding to provide health services to individuals who acquired the Hepatitis C virus from blood and blood products prior to Jan. 1, 1986 and after July 1, 1990. The funding will be used to treat the HCV infection using antiviral drug therapies, immunization and nursing care. Expenses associated with this initiative are included in the Statement of Operations under the Health Services expense classification.

DEPARTMENT OF HEALTH AND WELLNESS

SCHEDULE OF EXPENSE - DIRECTLY INCURRED DETAILED BY OBJECT

FOR THE YEAR ENDED MARCH 31, 2002

(thousands of dollars)

	2002		2001
	Budget	Actual	Actual
	(Schedule 4)		(Restated - Note 3)
Voted:			
Grants	$ 6,070,199	$ 6,130,627	$ 5,430,665
Supplies and Services	127,778	120,807	96,984
Salaries, Wages and Employee Benefits	39,522	40,163	38,049
Amortization of Capital Assets	2,083	1,369	1,469
Other	110	121	157
Total Voted Expenses	$ 6,239,692	$ 6,293,087	$ 5,567,324

Schedule 4

DEPARTMENT OF HEALTH AND WELLNESS
SCHEDULE OF BUDGET
FOR THE YEAR ENDED MARCH 31, 2002

(thousands of dollars)

	2001-2002 Budget	Authorized Supplementary [a]	2001-2002 Authorized Budget
Revenues:			
Internal Government Transfers	$ 84,065	$ -	$ 84,065
Transfer from Government of Canada	1,059,872	-	1,059,872
Premiums and Fees	689,990	-	689,990
Other Revenue	58,468	-	58,468
	1,892,395	-	1,892,395
Expenses - Directly Incurred:			
Voted Expenses			
Ministry Support Services	114,292	-	114,292
Health Services	6,079,701	118,743	6,198,444
Alberta Alcohol and Drug Abuse Commission	45,699	-	45,699
	6,239,692	118,743	6,358,435
Statutory Expenses			
Valuation Adjustments			
Health Care Insurance Premiums Revenue Write-Offs	28,863	-	28,863
Provision for Vacation Pay	-	-	-
	28,863	-	28,863
Loss on Disposal of Capital Assets	-	-	-
Total Expense	6,268,555	118,743	6,387,298
Net Operating Results	$ (4,376,160)	$ (118,743)	$ (4,494,903)
Capital Investment	$ 1,725	$ -	$ 1,725

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[a] Supplementary Estimates were approved on November 29, 2001.

Schedule 5

DEPARTMENT OF HEALTH AND WELLNESS
SCHEDULE OF COMPARISON OF EXPENSES - DIRECTLY INCURRED AND CAPITAL INVESTMENTS BY ELEMENT TO AUTHORIZED BUDGET
FOR THE YEAR ENDED MARCH 31, 2002

(thousands of dollars)

		Estimates 2002	Authorized Supplementary [a]	Authorized Budget	Actuals 2002	Unexpended (Over Expended)
Voted Expenses:						
Ministry Support Services						
1.0.1	Minister's Office	$ 487	$ -	$ 487	$ 307	$ 180
1.0.2	Associate Minister's Office	-	-	-	-	-
1.0.3	Deputy Minister's Office	395	-	395	396	(1)
1.0.4	Public Communications	1,390	-	1,390	1,243	147
1.0.5	Strategic Planning Services	5,015	-	5,015	4,096	919
1.0.6	Health Accountability					
	- Operating Expense	31,866	-	31,866	29,130	2,736
	- Capital Investment	1,150	-	1,150	3,764	(2,614)
1.0.7	Alberta Wellnet Administration					
	- Operating Expense funded by Lotteries	1,200	-	1,200	1,554	(354)
1.0.8	Population Health	10,188	-	10,188	9,494	694
1.0.9	Workforce Services [b]	5,409	-	5,409	5,804	(395)
1.0.10	Finance and Corporate Support Services					
	- Operating Expense	35,304	-	35,304	36,952	(1,648)
	- Capital Investment	-	-	-	3	(3)
1.0.11	Program Services	16,782	-	16,782	15,708	1,074
1.0.12	Health Facilities Review Committee	555	-	555	563	(8)
1.0.13	Mental Health Patient Advocate's Office	309	-	309	308	1
1.0.14	Health Services Utilization Commission	1,000	-	1,000	185	815
1.0.15	Premier's Advisory Council on Health	250	-	250	327	(77)
1.0.16	Health Advisory and Appeal Services	4,047	-	4,047	2,470	1,577
1.0.17	Standing Policy Committee on Health and Community Living	95	-	95	87	8
Total Ministry Support Services		115,442	-	115,442	112,391	3,051
Health Services						
Practitioner Services						
2.1.1	Medical Services	1,147,607	-	1,147,607	1,142,150	5,457
2.1.2	Alternate Compensation Strategies					
	- Operating Expense	3,000	-	3,000	4,149	(1,149)
	- Operating Expense funded by Lotteries	12,350	-	12,350	7,652	4,698
2.1.3	Allied Health Services	65,553	-	65,553	62,509	3,044
2.1.4	Extended Health Benefits	23,752	-	23,752	23,505	247
2.1.5	Rural Initiatives	17,300	-	17,300	17,490	(190)
2.1.6	Medical Education Allowances	55,763	-	55,763	55,363	400
Total Practitioner Services		1,325,325	-	1,325,325	1,312,818	12,507
Provincial Programs						
2.2.1	Human Tissue and Blood Services	100,016	-	100,016	104,000	(3,984)
2.2.2	Equity Agreements	3,008	-	3,008	-	3,008
2.2.3	Purchase of Vaccines and Sera	20,162	-	20,162	11,279	8,883
2.2.4	Public Health Laboratories	14,806	-	14,806	15,432	(626)
2.2.5	Blue Cross Benefit Program	342,402	-	342,402	363,667	(21,265)
2.2.6	Ambulance Services	41,433	-	41,433	36,886	4,547
2.2.7	Out-of-Province Health Care Costs	46,799	-	46,799	40,952	5,847
2.2.8	Alberta Aids to Daily Living Benefits	66,484	-	66,484	69,875	(3,391)
2.2.9	Health Services Research	10,375	-	10,375	10,500	(125)
2.2.10	Aboriginal Health Strategies					
	- Operating Expense funded by Lotteries	3,000	-	3,000	1,739	1,261
2.2.11	Federal Nursing Stations					
	- Operating Expense funded by Lotteries	2,660	-	2,660	763	1,897
2.2.12	Alberta Wellnet					
	- Operating Expense	8,283	-	8,283	3,731	4,552
	- Capital Investment	-	-	-	8,128	(8,128)
	- Operating Expense funded by Lotteries	11,731	-	11,731	4,917	6,814
	- Capital Investment funded by Lotteries	575	-	575	6,483	(5,908)
2.2.13	Community Support					
	- Operating Expense	51,752	10,900	62,652	50,832	11,820
	- Capital Investment	-	-	-	3,546	(3,546)
2.2.14	Primary Health Care Initiative	13,759	-	13,759	-	13,759
2.2.15	Dedicated Program Funding	46,843	-	46,843	11,111	35,732
Total Provincial Programs		784,088	10,900	794,988	743,841	51,147

DEPARTMENT OF HEALTH AND WELLNESS
SCHEDULE OF COMPARISON OF EXPENSES - DIRECTLY INCURRED AND CAPITAL INVESTMENTS BY ELEMENT TO AUTHORIZED BUDGET
FOR THE YEAR ENDED MARCH 31, 2002

(thousands of dollars)

	Estimates 2002	Authorized Supplementary [a]	Authorized Budget	Actuals 2002	Unexpended (Over Expended)
Funding to Regional and Provincial Health Authorities					
Global Funding to Regional and Provincial Health Authorities					
2.3.1 Chinook Regional Health Authority	180,678	-	180,678	179,167	1,511
2.3.2 Palliser Regional Health Authority	98,871	-	98,871	98,139	732
2.3.3 Headwaters Regional Health Authority	54,765	-	54,765	53,819	946
2.3.4 Calgary Regional Health Authority	957,443	-	957,443	940,446	16,997
2.3.5 Regional Health Authority #5	47,928	-	47,928	47,396	532
2.3.6 David Thompson Regional Health Authority	186,496	-	186,496	184,855	1,641
2.3.7 East Central Regional Health Authority #7	122,288	-	122,288	119,342	2,946
2.3.8 Westview Regional Health Authority	49,594	-	49,594	49,528	66
2.3.9 Crossroads Regional Health Authority	42,042	-	42,042	41,658	384
2.3.10 Capital Health Authority	1,026,870	-	1,026,870	1,010,212	16,658
2.3.11 Aspen Regional Health Authority #11	60,196	-	60,196	63,166	(2,970)
2.3.12 Lakeland Regional Health Authority	104,447	-	104,447	100,550	3,897
2.3.13 Mistahia Regional Health Authority	94,796	-	94,796	92,411	2,385
2.3.14 Peace Regional Health Authority	24,551	-	24,551	27,195	(2,644)
2.3.15 Keeweetinok Lakes Regional Health Authority #15	20,655	-	20,655	20,476	179
2.3.16 Northern Lights Regional Health Authority	32,442	-	32,442	32,298	144
2.3.17 Northwestern Regional Health Authority	15,862	-	15,862	15,751	111
2.3.18 Alberta Cancer Board	122,664	-	122,664	124,944	(2,280)
2.3.19 Alberta Mental Health Board	216,813	-	216,813	214,690	2,123
Total Global Funding to Regional and Provincial Health Authorities	3,459,401	-	3,459,401	3,416,043	43,358
Program Funding to Regional and Provincial Health Authorities and Other Entities					
2.3.20 Innovation Fund					
- Operating Expense	5,892	-	5,892	869	5,023
- Operating Expense funded by Lotteries [c]	5,000	-	5,000	10,000	(5,000)
2.3.21 Alberta Wellness Initiative					
- Operating Expense [d]	8,450	-	8,450	7,964	486
- Operating Expense funded by Lotteries	1,850	-	1,850	1,850	-
2.3.22 Supplemental Capital Equipment Funding					
- Operating Expense	48,996	-	48,996	48,996	-
- Operating Expense funded by Lotteries	-	-	-	-	-
2.3.23 One-time Energy Rebate	40,000	-	40,000	-	40,000
2.3.24 One-time Financial Assistance	-	107,843	107,843	197,637	(89,794)
2.3.25 Advanced Medical Equipment					
- Operating Expense	-	-	-	-	-
- Operating Expense funded by Lotteries	-	-	-	-	-
2.3.26 Dedicated Program Funding [e]	50,729	-	50,729	24,187	26,542
Total Program Funding to Regional and Provincial Health Authorities and Other Entities	160,917	107,843	268,760	291,503	(22,743)
Province Wide Services					
2.4.1 Calgary Regional Health Authority	170,342	-	170,342	194,149	(23,807)
2.4.2 Capital Health Authority	178,663	-	178,663	200,317	(21,654)
2.4.3 Unallocated	1,540	-	1,540	-	1,540
Total Province Wide Services	350,545	-	350,545	394,466	(43,921)
Total Health Services	6,080,276	118,743	6,199,019	6,158,671	40,348
Assistance to Alberta Alcohol and Drug Abuse Commission					
3.0.1 Assistance to Alberta Alcohol and Drug Abuse Commission					
- Operating Expense	-	-	-	-	-
- Operating Expense funded by Lotteries	45,699	-	45,699	43,949	1,750
Total Assistance to Alberta Alcohol and Drug Abuse Commission	45,699	-	45,699	43,949	1,750
Total Voted Expenses	$ 6,241,417	$ 118,743	$ 6,360,160	$ 6,315,011	$ 45,149

DEPARTMENT OF HEALTH AND WELLNESS
SCHEDULE OF COMPARISON OF EXPENSES - DIRECTLY INCURRED AND CAPITAL INVESTMENTS BY ELEMENT TO AUTHORIZED BUDGET
FOR THE YEAR ENDED MARCH 31, 2002
(thousands of dollars)

	Estimates 2002	Authorized Supplementary [a]	Authorized Budget	Actuals 2002	Unexpended (Over Expended)
Voted Expenses:					
Program Operating Expense	$ 6,156,202	$ 118,743	$ 6,274,945	$ 6,220,663	$ 54,282
Program Operating Expense funded by Lotteries	83,490	-	83,490	72,424	11,066
	6,239,692	118,743	6,358,435	6,293,087	65,348
Program Capital Investment	1,150	-	1,150	15,441	(14,291)
Program Capital Investment funded by Lotteries	575	-	575	6,483	(5,908)
	1,725	-	1,725	21,924	(20,199)
Total Voted Expenses	$ 6,241,417	$ 118,743	$ 6,360,160	$ 6,315,011	$ 45,149
Statutory Expenses					
Valuation Adjustments					
Health Care Insurance Premiums Revenue Write-Offs	$ 28,863	$ -	$ 28,863	$ 32,328	$ (3,465)
Provision for Vacation Pay	-	-	-	(2,462)	2,462
	$ 28,863	$ -	$ 28,863	$ 29,866	$ (1,003)

[a] Supplementary Estimates were approved on November 29, 2001.

[b] Includes achievement bonus of $355.

[c] Includes $2,207 paid to other entities.

[d] Includes $94 paid to other entities.

[e] Includes $5,944 paid to other entities.

Schedule 6

DEPARTMENT OF HEALTH AND WELLNESS
SCHEDULE OF SALARIES AND BENEFITS
FOR THE YEAR ENDED MARCH 31, 2002

	2002			2001
	Salary[1]	Benefits and Allowances[2]	Total	Total
Deputy Minister[3][4]	$ 169,231	$ 55,386	$ 224,617	$ 206,938
Special Advisor to the Deputy Minister[3][5]	-	-	-	25,209
Assistant Deputy Ministers				
Health Accountability[6]	122,346	37,266	159,612	144,347
Population Health[7][8][9]	115,095	27,621	142,716	158,574
Health Workforce	121,080	34,729	155,809	142,288
Program Services[9][10][11]	102,910	20,699	123,609	125,215
Strategic Planning[10][12]	148,288	6,615	154,903	-
Finance and Corporate Services[10][13]	124,556	34,615	159,171	152,278

Total salary and benefits relating to a position are disclosed.

(1) Salary includes regular base pay, bonuses, overtime, and lump sum payments.

(2) Benefits and allowances include government's share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, group life insurance, short and long-term disability plans, WCB premiums, professional memberships and tuition.

(3) Automobile provided, no dollar amount was included in benefits and allowances.

(4) Benefits and allowances include vacation payments of $2,782 (2001 - $Nil)

(5) On June 7, 2000 the incumbent ceased to be a member of the Department's senior decision making group.

(6) Previously reported as Assistant Deputy Minister, Health Information and Accountability.

(7) Previously reported as Assistant Deputy Minister, Health Strategies.

(8) Benefits and allowances include vacation payments of $1,218 (2001 $8,267)

(9) This position was occupied in an acting capacity until June 2001.

(10) This position was occupied by two individuals through the year.

(11) Previously reported as Assistant Deputy Minister, Policy and Planning Services.

(12) This position was established on April 1, 2001.

(13) Previously reported as Assistant Deputy Minister, Finance and Health Plan Administration.

Schedule 7

DEPARTMENT OF HEALTH AND WELLNESS
SCHEDULE OF RELATED PARTY TRANSACTIONS
FOR THE YEAR ENDED MARCH 31, 2002

(thousands of dollars)

Related parties are those entities consolidated or accounted for on a modified equity basis in the Province of Alberta's financial statements. Related parties also include management in the Department. The Entity in the Ministry is the Alberta Alcohol and Drug Abuse Commission.

The Department and its employees paid or collected certain taxes and fees set by regulation for permits, licenses and other charges. These amounts were incurred in the normal course of business, reflect charges applicable to all users, and have been excluded from this Schedule.

The Department had the following transactions with related parties recorded on the Statements of Operations and Financial Position at the amount of consideration agreed upon between the related parties:

	Entities in the Ministry		Other Entities	
	2002	2001 (Restated - Note 3)	2002	2001 (Restated - Note 3)
Revenues				
Grants	$ -	$ -	$ 84,065	$ 127,171
Expenses - Directly Incurred				
Grants	$ 44,069	$ 35,146	$ -	$ -
Other Services	-	-	24,190	2,807
	$ 44,069	$ 35,146	$ 24,190	$ 2,807
Capital Assets Transferred	$ -	$ -	$ 221	$ -
Receivable from /(Payable) to	$ 850	$ -	$ 1	$ -

The above transactions do not include support service arrangement transactions disclosed in Schedule 3.

The Department also had the following transactions with related parties for which no consideration was exchanged. The amounts for these related party transactions are estimated based on the costs incurred by the service provider to provide the service. These amounts are not recorded in the financial statements and are disclosed in Schedule 8.

	Entities in the Ministry		Other Entities	
	2002	2001	2002	2001 (Restated - Note 3)
Expenses - Incurred by Others				
Accommodation	$ -	$ -	$ 3,612	$ 3,502
Legal	-	-	1,325	1,066
	$ -	$ -	$ 4,937	$ 4,568

Schedule 8

DEPARTMENT OF HEALTH AND WELLNESS
SCHEDULE OF ALLOCATED COSTS
FOR THE YEAR ENDED MARCH 31, 2002

(thousands of dollars)

	2002						2001
		Expenses - Incurred by Others		Valuation Adjustments			
	Expenses [a]	Accommodation Costs	Legal Services	Vacation Pay	Health Care Insurance Premiums Revenue Write-Offs	Total	Total (Restated - Note 3
Ministry Support Services	$ 108,624	$ 3,498	$ 1,246	$ (2,462)	$ -	$ 110,906	$ 105,371
Health Services	6,140,514	114	79	-	-	6,140,707	5,432,986
Alberta Alcohol and Drug Abuse Commission	43,949	-	-	-	-	43,949	35,146
Health Care Insurance Premiums Revenue Write-Offs [b]	-	-	-	-	32,328	32,328	44,033
	$ 6,293,087	$ 3,612	$ 1,325	$ (2,462)	$ 32,328	$ 6,327,890	$ 5,617,536

(a) Expenses - Directly Incurred as per Statement of Operations, excluding valuation adjustments.

(b) Health Care Insurance Premiums Revenue Write-Offs relate to Premiums and Fees revenue, these costs cannot be reasonably allocated to other programs of the Department.

Alberta Alcohol and Drug Abuse Commission

Financial Statements

March 31, 2002

ALBERTA ALCOHOL AND DRUG ABUSE COMMISSION

FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2002

Auditor's Report

Statement of Financial Position

Statement of Operations

Statement of Cash Flows

Notes to the Financial Statements

Schedule of Revenues

Schedule of Expenses by Object and Core Business

Schedule of Allocated Costs

AUDITOR
GENERAL
Alberta

AUDITOR'S REPORT

To the Members of the Alberta Alcohol and Drug Abuse Commission

I have audited the statement of financial position of the Alberta Alcohol and Drug Abuse Commission as at March 31, 2002 and the statements of operations and cash flows for the year then ended. These financial statements are the responsibility of the Commission's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

Since the Commission expenses capital assets costing less than $5,000 each, a significant amount of furniture and equipment available to the Commission is not reported in the statement of financial position as required by Canadian generally accepted accounting principles. As at March 31, 2002, assets are understated and accumulated surplus understated by an estimated $1,360,000 and expenses for the fiscal year then ended are overstated by approximately $342,000.

In my opinion, except for the effects of the matter discussed in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the Commission as at March 31, 2002 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Fred J Dunn CA
Auditor General

Edmonton, Alberta
May 28, 2002

ALBERTA ALCOHOL AND DRUG ABUSE COMMISSION

STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2002

	2002	2001
ASSETS		
Current Assets:		
Cash (Note 3)	$ 6,060,452	$ 3,308,716
Accounts Receivable	288,357	214,992
Inventory	169,543	182,624
	6,518,352	3,706,332
Capital Assets (Note 4)	200,198	84,763
	$ 6,718,550	$ 3,791,095
LIABILITIES AND ACCUMULATED DEFICIT		
Current Liabilities:		
Accounts Payable	$ 3,065,827	$ 2,684,935
Accrued Vacation Pay	2,755,000	2,226,000
Deferred Contributions (Note 6)	243,836	227,445
Unearned Revenue	33,086	22,424
	6,097,749	5,160,804
Accumulated surplus (deficit):		
At beginning of year	(1,369,709)	(1,410,810)
Net operating results	1,990,510	41,101
At end of year	620,801	(1,369,709)
	$ 6,718,550	$ 3,791,095

ALBERTA ALCOHOL AND DRUG ABUSE COMMISSION

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31, 2002

	2002		2001
	Budget (Note 8)	Actual	Actual
Revenues (Schedule 1):			
Internal government transfers:			
Department of Health and Wellness	$45,699,000	$44,069,000	$35,146,000
Other revenues:			
Fees	1,923,000	1,493,957	1,578,697
Other	211,000	837,273	784,902
	47,833,000	46,400,230	37,509,599
Expenses – Directly Incurred: (Schedule 2 and 3, Note 2)			
Programs:			
Community services	21,594,000	19,085,661	16,638,750
Residential treatment services	11,218,000	10,687,549	9,129,912
Detoxification services	7,572,000	6,926,833	6,162,984
Research, information and monitoring	5,621,000	5,281,219	3,840,481
Administration	1,828,000	1,899,458	1,660,371
Accrued vacation pay adjustment	-	529,000	36,000
	47,833,000	44,409,720	37,468,498
Net operating results	$ -	$ 1,990,510	$ 41,101

ALBERTA ALCOHOL AND DRUG ABUSE COMMISSION

STATEMENT OF CASH FLOWS

AS AT MARCH 31, 2002

	2002	2001
Operating Activities:		
Net operating results	$ 1,990,510	$ 41,101
Add non-cash charges:		
Amortization of capital assets	45,288	79,526
	2,035,798	120,627
Decrease (increase) in non-cash working capital	876,661	(177,755)
Cash (used) provided by operating activities	2,912,459	(57,128)
Investing activities:		
Acquisition of capital assets	(160,723)	(31,110)
Net cash (used) provided	2,751,736	(88,238)
Cash at beginning of year	3,308,716	3,396,954
Cash at end of year	$6,060,452	$ 3,308,716

ALBERTA ALCOHOL AND DRUG ABUSE COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2002

Note 1 Authority and Purpose

The Alberta Alcohol and Drug Abuse Commission (Commission) is an agent of the Crown under the authority of the Alcohol and Drug Abuse Act, Chapter A-38, Revised Statutes of Alberta 2000. The Commission is dependent on grants from the Department of Health and Wellness for funding its programs and for meeting its obligations as they become due.

The Commission's purpose is to assist Albertans in achieving a life free from the abuse of alcohol, other drugs and gambling. The Commission does this by providing community-based information, prevention and treatment services.

The Commission is a Government of Alberta agency and is not subject to Canadian taxes.

Note 2 Significant Accounting Policies and Reporting Practices

(a) Revenue Recognition

Operating grants from the Department are recognized as revenue when they are receivable.

Unrestricted donations are recognized as revenue when they are received. Donations of materials and services that would otherwise have been purchased are recorded at fair value when it can reasonably be determined.

Externally restricted donations are deferred and are recognized as revenue in the period in which the related expenses are incurred.

(b) Expenses

Directly Incurred

Directly incurred expenses are those costs the Commission has primary responsibility and accountability for, as reflected in the government's budget documents.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

Directly incurred expenses are included on Schedules 2 and 3, as well as the Statement of Operations

Incurred by Others

Services contributed by other entities in support of the Commission's operations are disclosed in Schedule 3.

(c) Inventory

Inventory is valued at the lower of cost and replacement cost with cost being determined principally on a first-in, first-out basis.

(d) Capital Assets

Capital assets are recorded at historical cost net of accumulated amortization. The threshold for capitalizing assets is $5,000. Amortization is provided over the estimated useful lives of the assets as follows:

Furniture and equipment-	10 years straight-line
Computer equipment and software-	3 years straight-line

(e) Pensions

The Commission participates in multiemployer pension plans with related government entities. Pension costs included in these statements comprise the cost of employer contributions for current service of employees during the year and additional employer contributions for service relating to prior years.

(f) Valuation of Financial Assets and Liabilities

Fair value is the amount of consideration agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

The fair values of accounts receivable, accounts payable, accrued liabilities, and unearned revenues are estimated to approximate their book values. Subsequent actual amounts, which vary from estimates, will impact future financial results.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(h) Financial Instruments

The Commission's financial instruments consist of cash, accounts receivable, accounts payable, and amounts due to related parties. Unless otherwise noted, it is management's opinion that the Commission is not exposed to significant interest, currency or credit risks arising from these financial instruments.

(i) Grants

Direct financial assistance was given to 25 agencies for the years ended March 31, 2002 and 2001. These agencies are all not-for-profit organizations operating at arms-length from the Commission.

Note 3 Cash

Cash consists of deposits in the Consolidated Cash Investment Trust Fund (Fund) of the Province of Alberta. The Fund is being managed with the objective of providing competitive interest income to depositors while maintaining maximum security and liquidity of depositors' capital. The portfolio is comprised of high-quality short-term and mid-term fixed income securities with a maximum term to maturity of five years.

Interest is earned on the Commission's daily cash balance at the average rate of the Fund's earnings, which vary depending on prevailing market interest rates. Interest of $381,962 (2001 $311,822) (Note 9) has been credited directly to the Ministry of Finance.

Due to the short-term nature of these deposits, the carrying value approximates fair value.

Note 4 Capital Assets

Capital assets consist of the following:

	2002			2001
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Computer equipment and software	$ 326,391	$210,272	$116,119	$ 34,753
Furniture and equipment	156,754	72,675	84,079	50,010
	$ 483,145	$282,947	$200,198	$ 84,763

Note 5 Commitments

(a) The Commission leases certain vehicles and equipment under operating leases that expire on various dates through to 2006. The aggregate amounts payable for the unexpired terms of these leases are as follows:

2003	$114,448
2004	$ 90,231
2005	$ 54,469
2006	$ 23,405

(b) The Commission has certain contractual obligations for contracts, which extend into 2003 and 2004. The value of the contractual obligation is $881,110 in 2003, and $10,000 in 2004.

Note 6 Deferred Contributions

Deferred contributions consist of unexpended funds from donations to the Memorial Trust. These are externally restricted to be used to supplement the work of the Commission in the areas of research and education and to acquire capital assets. Changes in deferred contributions are as follows:

	2002	2001
Donation	$ 18,116	$ 58,920
Interest Earned	9,075	12,656
Transferred to Revenue	(10,800)	(58,220)
Increase (decrease) during the year	16,391	13,356
Balance at beginning of year	227,445	214,089
Balance at end of year	$243,836	$227,445

Note 7 Pension Costs

The Commission participates in the multiemployer pensions plans, Management Employee Pension Plan and Public Service Pension Plan. The Commission also participates in the multiemployer Supplementary Retirement Plan for Public Service Managers. The expense for these pension plans is equivalent to the annual contributions of $1,098,026 for the year ended March 31, 2002 (2001 $926,524).

At December 31, 2001, the Management Employees Pension Plan financial statements reported a surplus for the plan of $5,338,000 (2000 $170,858,000) and the Public Service Pension Plan reported a surplus of $320,487,000 (2000 $635,084,000). At December 31, 2001, the Supplementary Retirement Plan for Public Service Managers had a deficiency of $399,000 (2000 surplus $180,000).

Note 8 Approvals

(a) Budget

The budget amounts shown on the statement of operations, agree with the 2001/02 Government Estimates. The budget amounts shown on Schedules 1 and 2 provide additional revenue information and present expenses by object. The Members of the Commission approved these budgets on April 26, 2001.

(b) Financial Statements

These financial statements and accompanying notes were approved on June 7, 2002 by the Members of the Commission.

Note 9 Related Party Transactions

Related parties are those entities consolidated in the Province of Alberta's financial statements. Related parties also include management in the Commission.

For purposes of this schedule, the Related parties are separated into "Entities in the Ministry" which includes only the Department of Health and Wellness, and "Other Entities".

The Commission and its employees paid and collected certain fees set by regulation for permits, licenses and other charges. These amounts were incurred in the normal course of business, reflect charges applicable to all users, and have been excluded from this schedule.

	Entities in the Ministry		Other Entities	
	2002	2001	2002	2001
Revenues:				
Grants	$44,069,000	$35,146,000	$ -	$ -
Expenses:				
Other Services	-	$ -	$ 192,719	$ 153,746
Receivable from	-	$ -	$ -	$ 527
(Payable to)	$(850,000)	$ -	$ (20,991)	$ (5,568)

Note 9 Related Party Transactions (continued)

The Commission also had the following transactions with related parties for which no consideration was exchanged. The amounts for these related parties are estimated based on the costs incurred by the service provider to provide the services. These amounts are not recorded in the financial statements and are disclosed on Schedule 3.

	Entities in the Ministry		Other Entities	
	2002	2001	2002	2001
Revenues:				
Interest	$ -	$ -	$ 381,962	$ 311,822
Expenses:				
Legal Fees	$ -	$ -	$ 27,665	$ 15,020
Accommodation	$ -	$ -	$5,903,302	$5,196,907
	$ -	$ -	$5,930,967	$5,211,927

Note 10 Federal/Provincial Cost Sharing Agreements

The province of Alberta recovers part of its contributions to the Commission from the Government of Canada under the Alcohol and Drug Treatment and Rehabilitation (ADTR) agreement. Until March 31, 2001 the Province also recovered part of its contributions to the Commission under Employabilities Assistance for People with Disabilities (EAPD). Effective April 1, 2001 changes to the focus of that agreement ended the Commission's eligibility to participate in the program on behalf of the Province. The ADTR claim relating to the Commission's activities for the year ended March 31, 2002 amounts to approximately $1,340,000 (2001 $1,154,000). The EAPD claim relating to March 31, 2002 was nil (2001 $8,042,834).

Note 11 Salaries, Wages, Benefits and Allowances

	2002			2001
	Salaries [a]	Benefits and Allowances [b]	Total	Total
Current Executives				
Chairman of the Board	$ 15,768	$ -	$ 15,768	$ 13,636
Board Members[c]	39,539	-	39,539	25,057
Chief Executive Officer [d, e]	119,471	58,721	178,912	213,710
Executive Director, Program Services	114,984	33,212	148,196	127,955
Director, Community and Youth Services [f]	89,496	19,443	108,939	n/a
Director, Provincial Resource Services	86,316	17,970	104,277	118,957
Comptroller [e]	86,316	17,223	103,539	114,741
Director, Planning & Service Monitoring [f]	84,612	17,580	102,192	97,799
Director, Human Resources	84,144	16,511	100,655	106,345
Manager, Communications [f]	70,056	14,373	84,429	77,811
Director, Residential Services [f]	67,755	13,635	81,390	n/a
Director, Central Alberta Addiction Services [f]	n/a	n/a	n/a	107,610
Director, Northern Alberta Addiction Services [f]	39,162	8,074	47,236	96,680
Director Southern Alberta Addiction Services [f]	19,461	4,823	24,284	97,591

(a) Salaries include regular pay, overtime, lump sum payments, honoraria and any other direct cash remuneration excluding any severance payments.

(b) Benefits and allowances include the Commission's share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, group life insurance, short and long-term disability plans, tuition fees, conference fees, professional memberships and vacation payouts.

(c) There were nine Board members in both years.

(d) An amount has not been included in benefits and allowances for the automobile provided to the Chief Executive Officer.

(e) The benefits and allowances amounts includes vacation payouts of $7,472 (2001$11,479).

(f) The Commission reorganized its reporting structure and consolidated the positions of the Directors of Northern, Central and Southern Alberta Addictions Services as Directors of Community and Youth Services, and Residential Services during the year. The reorganization was effective April 1, 2001 and all personnel changes were complete by September 2001.

Schedule 1

ALBERTA ALCOHOL AND DRUG ABUSE COMMISSION

SCHEDULE OF REVENUES

AS AT MARCH 31, 2002

	2002		2001
	Budget	Actual	Actual
Internal government transfers:			
Department of Health and Wellness	$ 45,699,000	$ 44,069,000	$ 35,146,000
	45,699,000	44,069,000	35,146,000
Other revenues:			
Fees:			
Clients	1,809,000	1,361,391	1,455,032
Seminars	114,000	132,566	123,665
	1,923,000	1,493,957	1,578,697
Other:			
Donations	-	18,530	36,838
Publications	80,000	32,683	54,862
Miscellaneous	131,000	786,060	693,202
	211,000	837,273	784,902
Total revenues	$ 47,833,000	$ 46,400,230	$ 37,509,599

Schedule 2

ALBERTA ALCOHOL AND DRUG ABUSE COMMISSION
SCHEDULE OF EXPENSES BY OBJECT and CORE BUSINESS
AS AT MARCH 31, 2002

	2002		2001
EXPENSES BY OBJECT	Budget	Actual	Actual
Manpower:			
Salaries	$ 20,610,000	$ 19,093,706	$ 16,337,948
Employer Contributions	3,471,000	3,389,547	2,804,515
Wages	1,668,000	2,463,063	1,974,276
Allowances and benefits	273,000	117,857	63,605
	26,022,000	25,064,173	21,180,344
Grants:			
Direct financial assistance to agencies	10,823,000	10,296,286	8,346,993
Other:			
Profession, technical, and labor service	5,854,000	4,439,166	3,940,838
Materials and Supplies	2,083,000	2,109,669	1,999,827
Travel and relocation	1,135,000	925,260	620,972
Telephones	344,000	308,861	268,589
Voluntary separation payments	-	133,111	250,229
Board members' fees	39,000	51,307	38,693
Amortization	71,000	45,288	79,526
Hosting	44,000	45,231	23,832
Bad debts	-	15,787	32,424
Other operating expenses	1,418,000	975,582	686,231
	10,988,000	9,049,261	7,941,161
	$ 47,833,000	$ 44,409,720	$ 37,468,498

EXPENSES BY CORE BUSINESS

Core Business:			
Treatment	$31,400,000	$30,633,448	$25,608,363
Information	9,748,000	9,396,972	7,835,887
Prevention	6,685,000	4,379,300	4,024,248
	$47,833,000	$44,409,720	$37,468,498

Schedule 3

ALBERTA ALCOHOL AND DRUG ABUSE COMMISSION

SCHEDULE OF ALLOCATED COSTS

FOR THE YEAR ENDED MARCH 31, 2002

	2002					2001
	Expenses[a]	Accrued Vacation Pay Adjustment	Legal Services	Accommodation costs	Total Expenses	Total Expenses
Programs:						
Community services	$ 19,085,661	$ 289,553	$ -	$ 2,146,890	$ 21,522,104	$ 18,577,533
Residential treatment services	10,687,549	85,100		2,383,040	13,155,689	11,158,616
Detoxification services	6,926,833	44,255		1,097,032	8,068,120	7,152,512
Research information and monitoring	5,281,219	78,798		138,170	5,498,187	3,979,327
Administration	1,899,458	31,294	27,665	138,170	2,096,587	1,812,437
	$ 43,880,720	$ 529,000	$ 27,665	$ 5,903,302	$ 50,340,687	$ 42,680,425

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[a] Expenses – Directly Incurred as per Statement of Operations excluding Accrued Vacation pay.

The Following Information is Unaudited

MINISTRY OF HEALTH AND WELLNESS

STATEMENT OF REMISSIONS, COMPROMISES AND WRITE-OFFS

FOR THE YEAR ENDED MARCH 31, 2002

(UNAUDITED)
(thousands of dollars)

	2002	2001
Write-offs:		
Health Care Insurance Premiums	$ 29,474	$ 25,489
Medical Claim Recoveries	842	795
Penalties, Interest and Miscellaneous Charges	745	835
Third Party Recoveries	6	12
Total Write-offs	$ 31,067	$ 27,131

The above statement has been prepared pursuant to Section 23 of the *Financial Administration Act*. The statement includes all remissions, compromises and write-offs made or approved during the fiscal year.

MINISTRY OF HEALTH AND WELLNESS

STATEMENT OF EXPENSES BY CORE BUSINESS

FOR THE YEAR ENDED MARCH 31, 2002
(UNAUDITED)
(thousands of dollars)

		2002		2001
	Core Business	Budget	Actual	Actual
1	Delivery of Quality Health Services	$6,036,124	$6,146,407	$5,451,826
2	Encourage and Support Healthy Living	234,565	179,016	162,088
		$6,270,689	$6,325,423	$5,613,914

Other Information

Health Authority Highlights

This section highlights the financial results of the 17 regional health authorities, the Alberta Mental Health Board and the Alberta Cancer Board (the "health authorities.")

This section was compiled from the health authorities' audited financial statements for the fiscal year ended March 31, 2002. The statements were prepared in accordance with Canadian Generally Accepted Accounting Principles (GAAP) and Alberta Health and Wellness' Financial Directive 19. This section is unaudited.

Operating Results

- For fiscal year 2001/2002, the health authorities in aggregate reported a $21 million operating deficit. This compares to a prior year surplus of $40 million. Fifteen of the 19 health authorities reported a deficit, while the remaining four showed a combined surplus of $14 million.

- In 2001/2002, the health authorities in aggregate reported revenue of $4.9 billion compared to $4.3 billion in the prior year, an increase of 13 per cent. Alberta Health and Wellness provided 85 per cent of total revenue, compared to 84 per cent in the prior year.

- Total 2001/2002 expense was $4.9 billion, compared to $4.3 billion in the prior year – a 14 per cent increase. The majority of the increase was in salary expense. A total of 46,566 Full Time Equivalents were employed by the health authorities in the year.

- In 2001/2002 three of the nineteen health regions had entered into contracts with surgical facilities under the *Health Care Protection Act.* Total expense under these contracts at March 31, 2002 was $8.4 million, compared to $4.6 million in the prior year, for the six months when the Act was in force.

Financial Position

- The health authorities reported total net assets of $453 million at March 31, 2002, a decrease of $22 million from the prior year. Of the total, $178 million or 39 per cent was available to be spent on health service delivery or capital acquisitions.

- Total health authority long-term debt at March 31, 2002 was $13 million, down from the March 31, 2001 figure of $17 million.

Capital Assets

- The health authorities own $2.6 billion in capital assets. Of this total, $275 million or 11 per cent was funded from annual operating surpluses. The remainder was funded primarily from capital grants provided by Alberta Infrastructure and contributions from health foundations.

- In 2001/2002 the health authorities spent $321 million on capital assets. Of this amount, $155 million was spent on new equipment and $166 million on infrastructure.

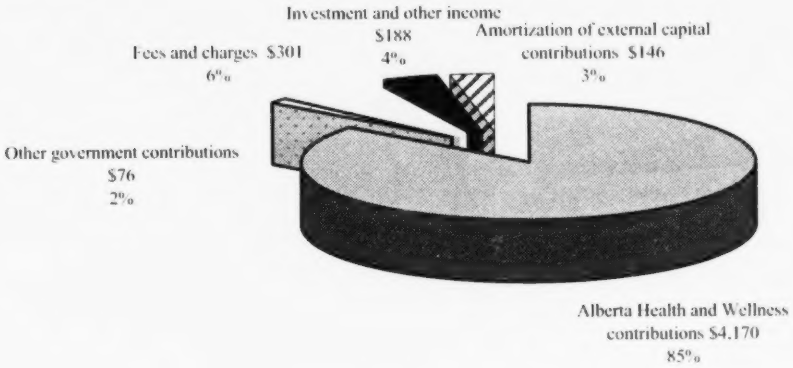
- The average remaining useful life of health authorities' capital equipment at March 31, 2002 was 3.9 years, compared to 4.6 years in the prior year.

Additional Information

- Copies of the health authorities' audited financial statements are included in Section II of the Ministry Annual Report.

HEALTH AUTHORITIES 2001/2002 ACTUAL REVENUE ($ millions)

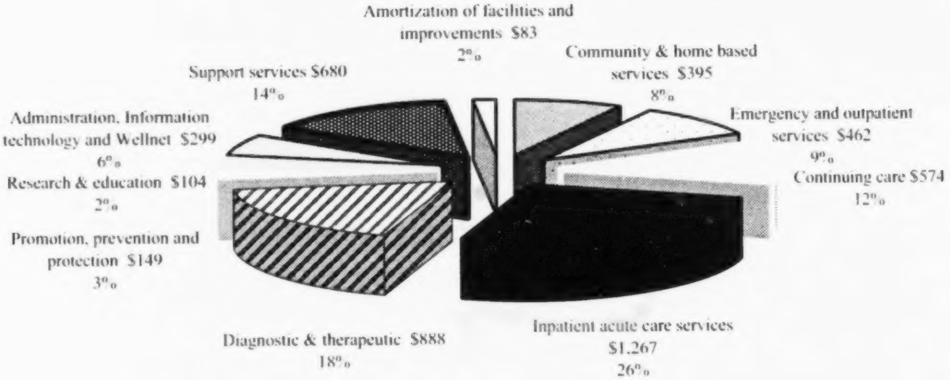
Chart I



TOTAL $4,881

HEALTH AUTHORITIES 2001/2002 ACTUAL EXPENSES ($ millions)

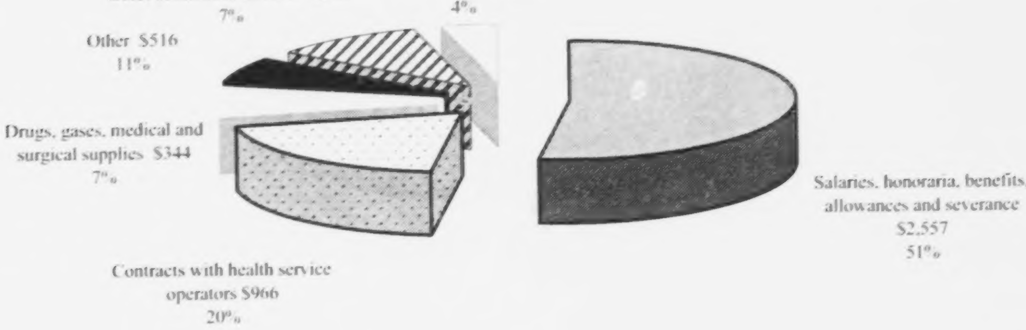
Chart II



TOTAL $4,901

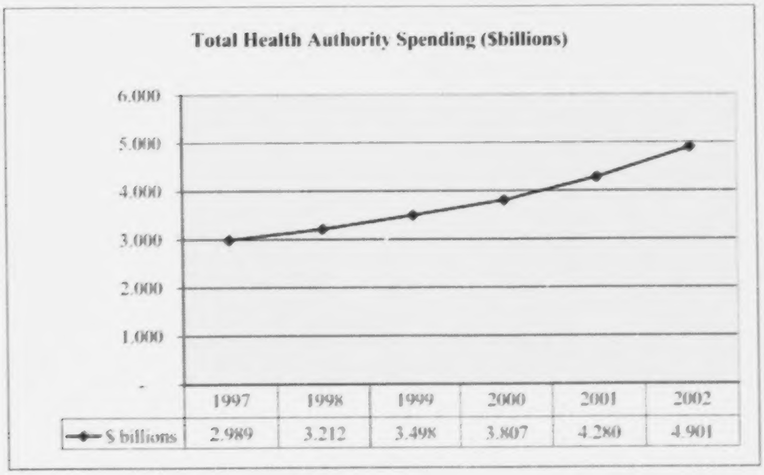
Chart III

HEALTH AUTHORITIES
2001/2002 ACTUAL EXPENSES BY OBJECT
($ millions)

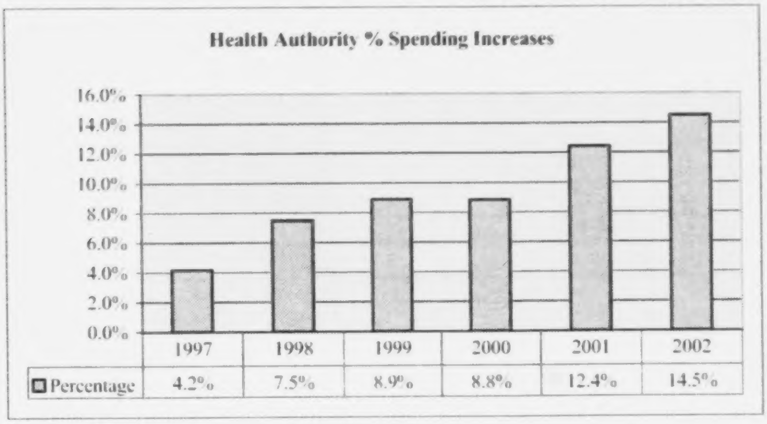


TOTAL $4,901

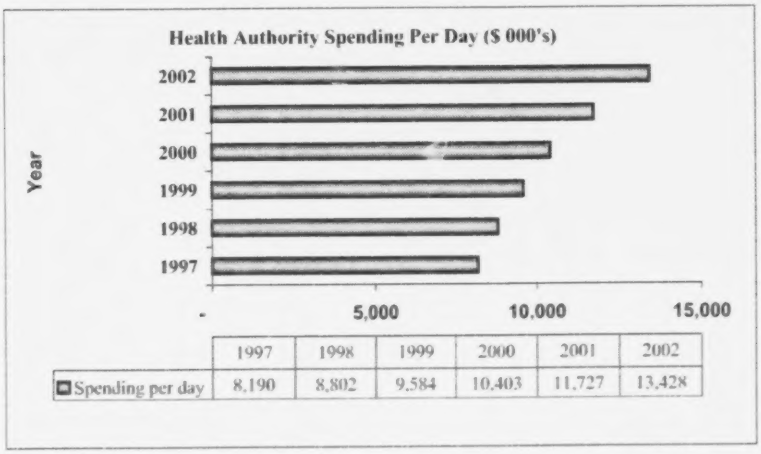
Chart IV


Total Health Authority Spending ($billions)

	1997	1998	1999	2000	2001	2002
$ billions	2.989	3.212	3.498	3.807	4.280	4.901


Health Authority % Spending Increases

	1997	1998	1999	2000	2001	2002
☐ Percentage	4.2%	7.5%	8.9%	8.8%	12.4%	14.5%


Health Authority Spending Per Day ($ 000's)

	1997	1998	1999	2000	2001	2002
☐ Spending per day	8,190	8,802	9,584	10,403	11,727	13,428

TABLE 1

HEALTH AUTHORITY SUMMARY
ANALYSIS OF OPERATIONS
FOR THE YEAR
ENDED MARCH 31, 2002
(Thousands of dollars)

	2001/02	2001/02	%	CHANGES FROM 2000/01		2000/01	%
	BUDGET	ACTUAL	OF TOTAL	$	%	ACTUAL	OF TOTAL
REVENUE							
Alberta Health and Wellness contributions	4,148,684	4,169,939	85.4%	523,182	14.3%	3,646,757	84.4%
Other government contributions	70,251	75,864	1.6%	4,420	6.2%	71,444	1.7%
Fees and charges	291,055	300,606	6.2%	19,478	6.9%	281,128	6.5%
Ancillary operations, net	15,105	14,581	0.3%	(134)	(0.9%)	14,715	0.3%
Donations	9,882	12,246	0.3%	1,649	15.6%	10,597	0.2%
Investment and other income	156,967	161,841	3.3%	2,167	1.4%	159,674	3.7%
Amortization of external capital contributions	140,716	145,502	3.0%	9,626	7.1%	135,876	3.1%
TOTAL REVENUE	4,832,660	4,880,579	100.0%	560,388	13.0%	4,320,191	100.0%
EXPENSE							
Facility-based inpatient acute care services	1,255,224	1,267,239	25.9%	222,793	21.3%	1,044,446	24.4%
Facility-based emergency and outpatient services	461,559	461,582	9.4%	89,051	23.9%	372,531	8.7%
Facility-based continuing care services	568,174	574,365	11.7%	55,122	10.6%	519,243	12.1%
Community & home based services	394,568	395,129	8.1%	65,034	19.7%	330,095	7.7%
Diagnostic & therapeutic services	887,603	887,545	18.1%	89,719	11.2%	797,826	18.6%
Promotion, prevention and protection services	150,910	149,058	3.0%	26,690	21.8%	122,368	2.9%
Research & education	110,747	104,502	2.1%	1,576	1.5%	102,926	2.4%
Administration	198,291	187,894	3.8%	13,804	7.9%	174,090	4.1%
Information technology and Wellnet	109,145	111,179	2.3%	5,858	5.6%	105,321	2.5%
Support services	686,308	679,975	13.9%	52,217	8.3%	627,758	14.7%
Amortization of facilities and improvements	85,184	82,183	1.7%	(1,542)	(1.8%)	83,725	2.0%
Capital assets write down	-	688	0.0%	688	0.0%	-	0.0%
TOTAL EXPENSE	4,907,713	4,901,339	100.0%	621,010	14.5%	4,280,329	100.0%
Excess (deficiency) of revenue over expense	(75,053)	(20,760)		(60,622)		39,862	

HEALTH AUTHORITY FINANCIAL SUMMARY
STATEMENT OF OPERATIONS
FOR THE YEAR
ENDED MARCH 31, 2002
(Thousands of dollars)

	CHINOOK			PALLISER			HEADWATERS			CALGARY		
	2001/02 BUDGET	2001/02 ACTUAL	2000/01 ACTUAL	2001/02 BUDGET	2001/02 ACTUAL	2000/01 ACTUAL	2001/02 BUDGET	2001/02 ACTUAL	2000/01 ACTUAL	2001/02 BUDGET	2001/02 ACTUAL	2000/01 ACTUAL
REVENUE												
Alberta Health and Wellness contributions	191,941	194,970	168,108	106,617	106,617	91,926	58,362	59,151	52,852	1,235,181	1,249,597	1,073,684
Other government contributions	2,545	2,564	2,214	2,687	3,954	2,909	2,706	2,169	2,574	19,765	17,156	13,270
Fees and charges	12,888	13,540	12,842	10,544	10,602	10,144	7,377	7,315	6,990	88,080	94,714	89,415
Ancillary operations, net	413	349	571	118	251	221	251	127	111	9,355	9,264	9,422
Donations	159	266	280	300	185	264	210	375	248	4,916	5,688	4,833
Investment and other income	5,370	4,359	5,402	2,257	2,359	2,450	1,322	1,948	1,749	43,194	46,183	41,094
Amortization of external capital contributions	8,916	9,774	8,305	3,965	4,809	3,965	2,286	2,271	2,284	38,356	36,911	34,331
TOTAL REVENUE	222,232	225,822	197,722	126,488	128,777	111,879	72,514	73,356	66,808	1,438,847	1,459,513	1,266,049
EXPENSE												
Facility-based inpatient acute care services	55,089	57,268	47,327	33,155	32,259	26,565	12,624	12,737	11,069	405,695	414,937	335,359
Facility-based emergency and outpatient services	13,330	13,560	10,796	5,961	6,115	4,797	4,561	5,067	3,261	174,202	173,776	149,683
Facility-based continuing care services	30,643	31,512	27,599	16,666	17,935	16,759	10,991	11,719	9,982	160,390	167,243	146,793
Community & home-based services	14,711	14,829	11,937	11,004	10,183	6,819	5,431	5,531	4,752	96,446	93,772	81,547
Diagnostic & therapeutic services	40,748	39,470	35,184	22,246	22,266	19,283	11,855	11,798	10,959	290,662	290,861	258,142
Promotion, prevention and protection services	9,161	8,828	7,178	3,747	3,842	2,933	3,171	3,376	2,917	35,094	36,321	27,308
Research & education	-	-	-	-	-	-	-	-	-	18,327	18,427	16,734
Administration	9,948	10,302	8,931	5,457	5,273	5,065	4,230	4,262	4,106	61,483	50,733	49,071
Information technology and Wellnet	3,871	4,252	3,364	2,239	2,214	2,886	1,616	1,553	1,921	38,955	39,088	35,957
Support services	37,850	38,596	33,873	24,718	26,925	22,573	17,360	16,341	16,106	163,365	156,867	145,929
Amortization of facilities and improvements	6,881	7,345	6,718	3,203	3,171	3,203	1,927	1,924	1,998	17,228	17,715	18,168
Capital assets write down	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL EXPENSE	222,232	225,962	192,907	128,396	130,183	110,883	73,766	74,308	67,071	1,461,847	1,459,740	1,264,691
Excess (deficiency) of revenue over expense	-	(140)	4,815	(1,908)	(1,406)	996	(1,252)	(952)	(263)	(23,000)	(227)	1,358

HEALTH AUTHORITY FINANCIAL SUMMARY
STATEMENT OF OPERATIONS
FOR THE YEAR
ENDED MARCH 31, 2002
(Thousands of dollars)

	REGIONAL HEALTH AUTHORITY 5			DAVID THOMPSON			EAST CENTRAL			WESTVIEW		
	2001/02 BUDGET	2001/02 ACTUAL	2000/01 ACTUAL	2001/02 BUDGET	2001/02 ACTUAL	2000/01 ACTUAL	2001/02 BUDGET	2001/02 ACTUAL	2000/01 ACTUAL	2001/02 BUDGET	2001/02 ACTUAL	2000/01 ACTUAL
REVENUE												
Alberta Health and Wellness contributions	51,247	51,695	44,755	198,997	199,575	177,558	129,881	127,918	118,364	54,547	54,980	46,496
Other government contributions	449	338	514	3,008	3,387	3,039	4,760	3,177	4,230	1,545	2,321	2,030
Fees and charges	4,413	4,356	4,382	12,850	12,393	12,708	11,053	11,602	11,271	4,902	5,129	4,545
Ancillary operations, net	(19)	94	78	511	596	453	27	42	48	(113)	58	(183)
Donations	52	93	48	800	1,053	964	134	307	283	90	107	91
Investment and other income	917	1,123	970	4,191	5,915	4,575	1,683	2,015	1,934	667	576	681
Amortization of external capital contributions	2,037	2,051	1,664	6,811	6,702	6,217	3,977	3,857	3,883	2,040	2,877	2,110
TOTAL REVENUE	59,096	59,750	52,411	227,168	229,621	205,514	151,515	148,918	140,013	63,678	66,048	55,770
EXPENSE												
Facility-based inpatient acute care services	9,072	9,218	7,219	58,784	58,712	49,154	27,653	28,783	25,232	8,503	9,021	7,280
Facility-based emergency and outpatient services	2,078	2,022	1,764	15,572	15,551	10,835	5,075	5,406	3,142	4,875	4,869	3,772
Facility-based continuing care services	11,128	10,983	9,654	27,550	27,627	24,465	29,559	28,111	26,542	6,361	6,940	4,468
Community & home-based services	4,161	4,051	3,305	11,247	11,580	9,518	14,648	15,045	13,464	6,918	6,725	6,224
Diagnostic & therapeutic services	9,061	9,008	8,004	47,446	47,401	40,668	21,519	20,531	18,810	11,386	11,407	9,395
Promotion, prevention and protection services	3,005	2,819	2,231	7,737	7,913	6,184	4,541	4,585	3,783	5,360	5,037	4,518
Research & education	-	-	-	-	-	-	56	56	54	-	-	-
Administration	3,589	3,205	2,419	10,504	10,422	9,223	10,088	9,704	9,204	4,415	4,587	3,519
Information technology and Wellnet	1,095	1,112	1,006	3,270	3,136	3,825	1,935	2,002	1,895	1,230	1,139	1,154
Support services	14,273	14,692	13,053	45,577	45,596	40,755	34,838	33,225	31,906	16,681	17,474	14,296
Amortization of facilities and improvements	1,634	1,458	1,328	4,726	4,660	4,501	3,243	3,069	3,154	1,432	1,399	1,521
Capital assets write down	-	-	-	-	-	-	-	-	-	-	688	-
TOTAL EXPENSE	59,096	58,568	49,983	232,413	232,598	199,128	153,155	150,517	137,186	67,161	69,286	56,147
Excess (deficiency) of revenue over expense	-	1,182	2,428	(5,245)	(2,977)	6,386	(1,640)	(1,599)	2,827	(3,483)	(3,238)	(377)

HEALTH AUTHORITY FINANCIAL SUMMARY
STATEMENT OF OPERATIONS
FOR THE YEAR
ENDED MARCH 31, 2002
(Thousands of dollars)

	CROSSROADS			CAPITAL HEALTH			ASPEN			LAKELAND		
	2001/02 BUDGET	2001/02 ACTUAL	2000/01 ACTUAL	2001/02 BUDGET	2001/02 ACTUAL	2000/01 ACTUAL	2001/02 BUDGET	2001/02 ACTUAL	2000/01 ACTUAL	2001/02 BUDGET	2001/02 ACTUAL	2000/01 ACTUAL
REVENUE												
Alberta Health and Wellness contributions	43,475	43,767	40,433	1,354,557	1,355,754	1,176,203	65,838	65,801	56,400	107,581	107,193	102,392
Other government contributions	750	670	1,358	18,201	20,187	18,013	1,814	1,639	1,763	3,330	3,071	3,590
Fees and charges	2,734	2,605	2,634	100,918	101,210	91,241	5,713	6,170	5,595	10,667	10,782	10,404
Ancillary operations, net	1	(13)	10	4,070	3,441	3,581	76	58	36	-	8	(4)
Donations	54	63	54	-	-	-	200	321	616	600	252	533
Investment and other income	924	1,259	1,071	64,749	61,189	61,479	2,179	2,624	3,606	2,787	2,912	2,393
Amortization of external capital contributions	2,516	2,621	2,685	38,390	42,767	38,613	2,665	2,750	2,588	3,747	3,763	3,984
TOTAL REVENUE	50,454	50,972	48,245	1,580,885	1,584,548	1,389,130	78,485	79,363	70,604	128,712	127,981	123,292
EXPENSE												
Facility-based inpatient acute care services	10,039	9,966	9,024	479,894	477,378	389,159	10,931	11,141	9,233	20,334	20,844	18,611
Facility-based emergency and outpatient services	3,612	3,721	3,047	149,228	145,952	115,408	5,305	5,240	3,993	8,209	8,405	6,351
Facility-based continuing care services	5,451	5,601	4,753	195,135	191,507	180,194	13,169	13,067	11,120	25,012	25,479	24,381
Community & home-based services	2,310	2,333	1,950	91,732	88,886	76,335	8,217	8,503	6,281	11,759	11,751	9,262
Diagnostic & therapeutic services	9,213	8,789	8,237	289,203	286,323	265,465	12,505	12,568	11,230	22,398	22,357	21,106
Promotion, prevention and protection services	2,638	2,589	2,315	41,697	39,772	34,318	3,715	3,790	3,066	6,788	6,841	6,143
Research & education	-	-	-	72,149	65,701	66,221	-	-	-	-	-	-
Administration	2,984	3,044	2,799	40,422	40,046	38,211	4,232	4,217	4,105	5,535	5,651	5,169
Information technology and Wellnet	1,770	1,666	1,664	37,312	38,293	34,706	687	937	773	2,204	1,424	1,584
Support services	10,623	10,731	10,862	181,438	177,772	167,040	17,850	18,819	16,467	26,633	26,156	25,258
Amortization of facilities and improvements	1,949	1,930	1,950	23,371	21,060	20,239	1,874	1,945	1,853	2,852	2,855	3,252
Capital assets write down	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL EXPENSE	50,589	50,370	46,601	1,601,581	1,572,690	1,387,296	78,485	80,227	68,121	131,724	131,763	121,117
Excess (deficiency) of revenue over expense	(135)	602	1,644	(20,696)	11,858	1,834	-	(864)	2,483	(3,012)	(3,782)	2,175

HEALTH AUTHORITY FINANCIAL SUMMARY
STATEMENT OF OPERATIONS
FOR THE YEAR
ENDED MARCH 31, 2002
(Thousands of dollars)

	MISTAHIA			PEACE			KEEWEETINOK LAKES			NORTHERN LIGHTS		
	2001/02 BUDGET	2001/02 ACTUAL	2000/01 ACTUAL	2001/02 BUDGET	2001/02 ACTUAL	2000/01 ACTUAL	2001/02 BUDGET	2001/02 ACTUAL	2000/01 ACTUAL	2001/02 BUDGET	2001/02 ACTUAL	2000/01 ACTUAL
REVENUE												
Alberta Health and Wellness contributions	96,995	96,326	87,424	28,701	29,020	23,676	21,768	22,097	19,940	33,812	34,354	29,890
Other government contributions	466	466	474	-	100	285	750	572	572	779	774	577
Fees and charges	7,904	8,923	7,974	1,607	1,549	1,499	1,400	1,059	1,838	2,900	3,065	2,627
Ancillary operations, net	251	378	372	95	78	78	-	(94)	(61)	(72)	(49)	(25)
Donations	9	161	110	200	105	15	350	189	297	70	195	237
Investment and other income	1,382	3,110	2,498	718	1,096	989	1,372	886	1,115	592	1,000	727
Amortization of external capital contributions	6,086	5,328	6,086	1,852	1,725	1,273	1,250	1,141	1,050	2,600	2,037	2,392
TOTAL REVENUE	113,093	114,692	104,938	33,173	33,673	27,815	26,890	25,850	24,751	40,681	41,376	36,425
EXPENSE												
Facility-based inpatient acute care services	28,446	28,609	23,932	7,139	7,239	5,118	5,177	4,451	4,082	10,362	11,105	8,575
Facility-based emergency and outpatient services	8,182	9,586	6,652	1,603	2,240	944	2,345	2,616	2,132	3,442	3,244	3,264
Facility-based continuing care services	10,635	10,205	8,567	4,283	4,015	3,803	1,935	1,891	1,649	1,734	1,741	1,488
Community & home-based services	6,567	6,630	5,941	2,601	2,327	1,678	1,470	1,327	1,282	1,602	1,622	1,200
Diagnostic & therapeutic services	20,167	21,056	18,353	5,483	5,892	4,751	3,960	4,029	3,666	8,046	8,546	7,496
Promotion, prevention and protection services	6,012	4,793	4,055	2,152	2,126	1,841	2,350	2,051	1,800	2,293	2,585	1,952
Research & education	-	31	4	41	44	12	-	-	-	-	-	-
Administration	7,632	7,635	7,470	1,917	2,062	1,818	1,635	1,839	1,445	2,913	3,453	2,779
Information technology and Wellnet	1,626	1,956	2,213	287	892	708	675	579	795	923	925	904
Support services	22,204	21,922	20,733	7,202	7,788	6,351	6,850	7,394	6,709	8,135	8,033	6,794
Amortization of facilities and improvements	4,788	3,763	4,788	1,014	888	751	845	863	884	1,883	1,422	1,844
Capital assets write down	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL EXPENSE	116,259	116,186	102,708	33,722	35,513	27,775	27,242	27,040	24,444	41,333	42,676	36,296
Excess (deficiency) of revenue over expense	(3,166)	(1,494)	2,230	(549)	(1,840)	40	(352)	(1,190)	307	(652)	(1,300)	129

HEALTH AUTHORITY FINANCIAL SUMMARY
STATEMENT OF OPERATIONS
FOR THE YEAR
ENDED MARCH 31, 2002
(Thousands of dollars)

	NORTHWESTERN			ALBERTA MENTAL HEALTH BOARD			ALBERTA CANCER BOARD			HEALTH AUTHORITY TOTAL		
	2001/02 BUDGET	2001/02 ACTUAL	2000/01 ACTUAL	2001/02 BUDGET	2001/02 ACTUAL	2000/01 ACTUAL	2001/02 BUDGET	2001/02 ACTUAL	2000/01 ACTUAL	2001/02 BUDGET	2001/02 ACTUAL	2000/01 ACTUAL
REVENUE												
Alberta Health and Wellness contributions	16,854	16,825	15,486	219,382	220,818	203,578	132,948	133,481	117,592	4,148,684	4,169,939	3,646,757
Other government contributions	724	777	610	5,332	11,565	9,753	640	977	3,669	70,251	75,864	71,444
Fees and charges	300	383	334	2,686	2,739	2,948	2,119	2,470	1,737	291,055	300,606	281,128
Ancillary operations, net	-	(45)	(40)	(31)	(163)	(103)	172	201	150	15,105	14,581	14,715
Donations	8	3	8	20	52	29	1,710	2,831	1,687	9,882	12,246	10,597
Investment and other income	250	134	233	4,936	5,167	5,476	17,477	17,986	21,232	156,967	161,841	159,674
Amortization of external capital contributions	1,200	1,235	1,222	3,170	3,086	3,120	8,852	9,797	10,104	140,716	145,502	135,876
TOTAL REVENUE	19,336	19,312	17,853	235,495	243,264	224,801	163,918	167,743	156,171	4,832,660	4,880,579	4,320,191
EXPENSE												
Facility-based inpatient acute care services	4,474	4,289	4,251	56,443	57,964	53,127	11,410	11,318	10,129	1,255,224	1,267,239	1,044,446
Facility-based emergency and outpatient services	336	355	351	8,885	9,215	7,537	44,758	44,642	34,802	461,559	461,582	372,531
Facility-based continuing care services	1,275	1,523	1,426	16,257	17,266	15,600	-	-	-	568,174	574,365	519,243
Community & home-based services	2,696	2,581	2,221	84,999	91,264	72,781	16,049	16,189	13,598	394,568	395,129	330,095
Diagnostic & therapeutic services	2,257	2,346	2,292	17,236	18,781	17,359	42,212	44,116	37,426	887,603	887,545	797,826
Promotion, prevention and protection services	1,644	1,534	1,239	2,495	2,990	2,919	7,310	7,266	5,668	150,910	149,058	122,368
Research & education	134	127	116	750	1,046	675	19,290	19,070	19,110	110,747	104,502	102,926
Administration	1,430	1,412	1,406	14,851	14,604	12,654	5,026	5,443	4,696	198,291	187,894	174,090
Information technology and Wellnet	350	351	331	5,462	5,456	5,905	3,638	4,204	3,730	109,145	111,179	105,321
Support services	3,358	3,604	3,360	29,583	30,210	29,588	17,770	17,830	16,105	686,308	679,975	627,758
Amortization of facilities and improvements	900	876	860	1,679	1,905	1,807	3,755	3,935	4,906	85,184	82,183	83,725
Capital assets write down	-	-	-	-	-	-	-	-	-	-	688	-
TOTAL EXPENSE	18,854	18,998	17,853	238,640	250,701	219,952	171,218	174,013	150,170	4,907,713	4,901,339	4,280,329
Excess (deficiency) of revenue over expense	482	314	-	(3,145)	(7,437)	4,849	(7,300)	(6,270)	6,001	(75,053)	(20,760)	39,862

TABLE III

HEALTH AUTHORITY SUMMARY
STATEMENT OF FINANCIAL POSITION AND STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2002

(Thousands of dollars)

	CHINOOK	PALLISER	HEADWATERS	CALGARY	HEALTH AUTHORITY 5	DAVID THOMPSON	EAST CENTRAL
ASSETS							
Cash and temporary investments	15,701	10,059	6,335	130,281	10,140	39,926	20,063
Accounts receivable	6,522	1,981	1,018	29,508	541	2,976	3,455
Contributions receivable	582	2,199	689	20,816	318	2,548	668
Inventories	1,696	735	727	14,429	603	2,899	532
Prepaid expenses	462	332	451	3,260	291	858	-
Current Assets	24,963	15,306	9,220	198,294	11,893	49,207	24,718
Non-current cash and investments	20,703	21,849	13,871	199,857	7,687	43,937	19,605
Capital assets	183,218	74,509	33,513	606,942	66,894	111,054	74,862
Other assets	8,643	6,958	376	18,198	-	23,553	-
TOTAL ASSETS	237,527	118,622	56,980	1,023,291	86,474	227,751	119,185
LIABILITIES, NET ASSETS AND ENDOWMENTS							
Accounts payable	13,830	9,841	4,577	101,337	7,034	16,731	10,530
Accrued vacation pay	8,733	5,066	2,679	50,893	3,063	9,764	4,803
Current deferred contributions	2,262	4,482	1,751	14,630	1,532	4,625	2,857
Current portion of long term debt	122	-	-	250	-	59	-
Current Liabilities	24,947	19,389	9,007	167,110	11,629	31,179	18,190
Non-current deferred contributions	7,732	6,958	-	35,130	-	24,716	1,012
Deferred capital contributions	8,450	-	13,116	165,733	602	42,340	18,593
Long-term debt	609	-	-	2	-	660	-
Unamortized external capital contributions	170,828	70,063	28,417	517,916	64,277	96,242	71,229
Other liabilities	58	-	-	15,040	-	-	-
TOTAL LIABILITIES	212,624	96,410	50,540	900,931	76,508	195,137	109,024
NET ASSETS AND ENDOWMENTS							
Unrestricted	144	2,641	-	16,396	2,712	1,499	6,528
Internally restricted	12,950	15,125	1,344	17,190	4,637	17,447	-
Investment in capital assets	11,659	4,446	5,096	88,774	2,617	13,668	3,633
Endowments	150	-	-	-	-	-	-
TOTAL NET ASSETS AND ENDOWMENTS	24,903	22,212	6,440	122,360	9,966	32,614	10,161
TOTAL LIABILITIES, NET ASSETS, ENDOWMENTS	237,527	118,622	56,980	1,023,291	86,474	227,751	119,185
CASH FLOWS							
Cash generated from (used by) operating activities	7,050	(248)	247	20,009	3,949	6,139	2,660
Cash generated from (used by) investing activities	(18,375)	(14,624)	(14,122)	(199,395)	(7,487)	(11,942)	(16,516)
Cash generated from (used by) financing activities	7,074	12,076	14,041	171,405	6,679	8,899	16,074
Increase (decrease) in cash and cash equivalent	(4,251)	(2,796)	166	(7,981)	3,141	3,096	2,218
Cash and cash equivalent, beginning of year	19,952	12,855	6,169	138,262	6,999	36,830	17,845
Cash and cash equivalent, end of year	15,701	10,059	6,335	130,281	10,140	39,926	20,063
Non-current cash and investments, end of year	20,703	21,849	13,871	199,857	7,687	43,937	19,605
Total cash, cash equivalent and non-current investments, end of year	36,404	31,908	20,206	330,138	17,827	83,863	39,668

HEALTH AUTHORITY SUMMARY
STATEMENT OF FINANCIAL POSITION AND
STATEMENT OF CASH FLOWS FOR THE YEAR
ENDED MARCH 31, 2002
(Thousands of dollars)

	WESTVIEW	CROSSROADS	CAPITAL HEALTH	ASPEN	LAKELAND	MISTAHIA	PEACE
ASSETS							
Cash and temporary investments	5,862	11,788	127,381	12,296	6,681	11,574	3,215
Accounts receivable	1,057	811	36,450	1,053	1,338	2,038	966
Contributions receivable	2,010	253	24,765	2,144	1,142	1,295	335
Inventories	571	869	10,377	579	772	668	177
Prepaid expenses	973	249	33,580	465	582	549	123
Current Assets	10,473	13,970	232,553	16,537	10,515	16,124	4,816
Non-current cash and investments	5,314	673	137,233	10,176	5,188	2,438	18,582
Capital assets	48,707	36,187	763,165	55,686	62,174	117,886	57,814
Other assets	2,689	374	106,715	-	-	1,583	232
TOTAL ASSETS	67,183	51,204	1,239,666	82,399	77,877	138,031	81,444
LIABILITIES, NET ASSETS AND ENDOWMENTS							
Accounts payable	6,844	6,029	111,152	4,840	7,301	9,206	2,995
Accrued vacation pay	2,265	2,192	50,298	3,605	4,159	4,879	1,713
Current deferred contributions	2,108	3,442	65,974	4,650	2,194	669	340
Current portion of long term debt	-	-	2,129	-	36	-	-
Current Liabilities	11,217	11,663	229,553	13,095	13,690	14,754	5,048
Non-current deferred contributions	7,276	-	46,363	-	-	-	155
Deferred capital contributions	727	673	176,217	2,464	964	3,579	17,199
Long-term debt	-	-	9,206	-	-	-	-
Unamortized external capital contributions	44,219	33,193	653,425	50,093	56,009	112,232	54,851
Other liabilities	-	-	13,421	-	-	-	-
TOTAL LIABILITIES	63,439	45,529	1,128,185	65,652	70,663	130,565	77,253
NET ASSETS AND ENDOWMENTS							
Unrestricted	(744)	2,351	2,431	2,355	1,085	1,713	-
Internally restricted	-	330	23,497	8,799	-	99	1,228
Investment in capital assets	4,488	2,994	85,553	5,593	6,129	5,654	2,963
Endowments	-	-	-	-	-	-	-
TOTAL NET ASSETS AND ENDOWMENTS	3,744	5,675	111,481	16,747	7,214	7,466	4,191
TOTAL LIABILITIES, NET ASSETS, ENDOWMENTS	67,183	51,204	1,239,666	82,399	77,877	138,031	81,444
CASH FLOWS							
Cash generated from (used by) operating activities	(317)	2,767	30,164	2,414	(1,999)	741	(1,057)
Cash generated from (used by) investing activities	(9,262)	(1,304)	(122,573)	(4,901)	(3,092)	(1,729)	(23,542)
Cash generated from (used by) financing activities	9,119	1,040	93,470	3,991	2,356	2,053	23,477
Increase (decrease) in cash and cash equivalent	(460)	2,503	1,061	1,504	(2,735)	1,065	(1,122)
Cash and cash equivalent, beginning of year	6,322	9,285	126,320	10,792	9,416	10,509	4,337
Cash and cash equivalent, end of year	5,862	11,788	127,381	12,296	6,681	11,574	3,215
Non-current cash and investments, end of year	5,314	673	137,233	10,176	5,188	2,438	18,582
Total cash, cash equivalent and non-current investments, end of year	11,176	12,461	264,614	22,472	11,869	14,012	21,797

HEALTH AUTHORITY SUMMARY
STATEMENT OF FINANCIAL POSITION AND STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2002

(Thousands of dollars)

	KEEWEETINOK	NORTHERN LIGHTS	NORTHWESTERN	ALBERTA MENTAL HEALTH BOARD	ALBERTA CANCER BOARD	HEALTH AUTHORITY TOTAL 2002	HEALTH AUTHORITY TOTAL 2001
ASSETS							
Cash and temporary investments	944	1,436	4,002	42,596	13,395	473,675	480,457
Accounts receivable	987	1,349	213	2,876	5,138	100,277	78,884
Contributions receivable	200	1,296	149	1,229	3,261	65,899	39,240
Inventories	302	379	174	849	4,334	41,672	38,839
Prepaid expenses	101	270	186	4,006	776	47,514	45,088
Current Assets	2,534	4,730	4,724	51,556	26,904	729,037	682,508
Non-current cash and investments	5,238	5,283	1,795	11,665	31,597	562,691	336,440
Capital assets	30,112	29,506	24,677	97,863	133,689	2,608,458	2,490,310
Other assets	522	1,432	15,854	40,405	-	227,534	136,616
TOTAL ASSETS	38,406	40,951	47,050	201,489	192,190	4,127,720	3,645,874
LIABILITIES, NET ASSETS AND ENDOWMENTS							
Accounts payable	1,111	3,141	899	20,298	19,719	357,415	302,204
Accrued vacation pay	1,093	1,473	576	8,995	3,900	170,149	145,305
Current deferred contributions	701	224	494	5,263	15,621	133,819	117,873
Current portion of long term debt	-	-	-	-	-	2,596	3,056
Current Liabilities	2,905	4,838	1,969	34,556	39,240	663,979	568,438
Non-current deferred contributions	-	8	-	-	-	129,350	60,499
Deferred capital contributions	1,217	6,447	17,649	47,987	11,067	535,024	295,373
Long-term debt	-	-	-	-	-	10,477	13,844
Unamortized external capital contributions	26,734	27,800	22,622	88,345	118,813	2,307,308	2,210,599
Other liabilities	-	-	-	-	-	28,519	22,301
TOTAL LIABILITIES	30,856	39,093	42,240	170,888	169,120	3,674,657	3,171,054
NET ASSETS AND ENDOWMENTS							
Unrestricted	3,071	152	-	2,725	2,975	48,034	105,393
Internally restricted	1,101	-	2,755	18,358	5,219	130,079	116,516
Investment in capital assets	3,378	1,706	2,055	9,518	14,876	274,800	252,761
Endowments	-	-	-	-	-	150	150
TOTAL NET ASSETS AND ENDOWMENTS	7,550	1,858	4,810	30,601	23,070	453,063	474,820
TOTAL LIABILITIES, NET ASSETS, ENDOWMENTS	38,406	40,951	47,050	201,489	192,190	4,127,720	3,645,874
CASH FLOWS							
Cash generated from (used by) operating activities	(675)	(1,823)	660	(4,743)	10,036	75,974	169,173
Cash generated from (used by) investing activities	(363)	(5,826)	(7,119)	(36,640)	(22,194)	(521,006)	(419,001)
Cash generated from (used by) financing activities	396	5,463	6,742	38,998	14,897	438,250	295,554
Increase (decrease) in cash and cash equivalent	(642)	(2,186)	283	(2,385)	2,739	(6,782)	45,726
Cash and cash equivalent, beginning of year	1,586	3,622	3,719	44,981	10,656	480,457	434,731
Cash and cash equivalent, end of year	944	1,436	4,002	42,596	13,395	473,675	480,457
Non-current cash and investments, end of year	5,238	5,283	1,795	11,665	31,597	562,691	336,440
Total cash, cash equivalent and non-current investments, end of year	6,182	6,719	5,797	54,261	44,992	1,036,366	816,897

HEALTH AUTHORITY FINANCIAL SUMMARY
SCHEDULE OF EXPENSES BY OBJECT FOR THE YEAR
ENDED MARCH 31, 2002
(Thousands of dollars)

	CHINOOK			PALLISER			HEADWATERS			CALGARY		
	2001/02 BUDGET	2001/02 ACTUAL	2000/01 ACTUAL	2001/02 BUDGET	2001/02 ACTUAL	2000/01 ACTUAL	2001/02 BUDGET	2001/02 ACTUAL	2000/01 ACTUAL	2001/02 BUDGET	2001/02 ACTUAL	2000/01 ACTUAL
Salaries, honoraria, benefits, allowances and severance	130,848	130,206	111,587	77,118	76,690	67,469	41,252	41,773	36,638	758,517	751,051	630,672
Contracts with health service operators	29,046	30,102	25,160	20,083	19,720	15,583	11,468	11,447	10,519	274,229	286,546	258,204
Contracts under the Health Care Protection Act	-	-	-	-	-	-	75	77	43	4,976	5,200	3,070
Drugs, gases, medical and surgical supplies	9,162	9,680	9,114	5,764	5,872	5,561	2,334	2,316	2,156	126,106	125,983	110,406
Other contracted services	13,121	15,030	8,683	5,662	5,912	2,850	3,228	3,782	2,369	104,705	119,638	86,667
Interest on long-term debt	65	43	33	-	-	-	-	-	-	-	-	-
Other	29,204	29,759	29,214	15,114	17,006	14,974	12,544	12,380	12,740	156,746	135,362	140,771
Amortization:												
Capital equipment - internally funded	2,746	2,360	1,648	1,661	1,217	1,433	710	535	512	13,600	13,353	11,965
Capital equipment - externally funded	2,170	2,593	1,719	762	1,496	762	516	440	295	19,042	18,854	17,172
Facilities and Improvements	6,924	7,390	6,718	3,232	3,342	3,232	1,927	1,982	1,998	17,228	18,005	18,874
Capital assets write down - equipment	-	-	-	-	-	-	-	-	220	-	-	-
Capital assets write down - facilities and improvements	-	-	-	-	-	-	-	-	-	-	-	-
	223,286	227,163	193,876	129,396	131,255	111,864	74,054	74,732	67,490	1,475,149	1,473,992	1,277,801
Less amounts reported in ancillary operations	(1,054)	(1,201)	(969)	(1,000)	(1,072)	(981)	(288)	(424)	(419)	(13,302)	(14,252)	(13,110)
TOTAL EXPENSES	222,232	225,962	192,907	128,396	130,183	110,883	73,766	74,308	67,071	1,461,847	1,459,740	1,264,691

HEALTH AUTHORITY FINANCIAL SUMMARY
SCHEDULE OF EXPENSES BY OBJECT FOR THE YEAR
ENDED MARCH 31, 2002
(Thousands of dollars)

	REGIONAL HEALTH AUTHORITY 5			DAVID THOMPSON			EAST CENTRAL			WESTVIEW		
	2001/02 BUDGET	2001/02 ACTUAL	2000/01 ACTUAL	2001/02 BUDGET	2001/02 ACTUAL	2000/01 ACTUAL	2001/02 BUDGET	2001/02 ACTUAL	2000/01 ACTUAL	2001/02 BUDGET	2001/02 ACTUAL	2000/01 ACTUAL
Salaries, honoraria, benefits, allowances and severance	40,334	38,832	32,998	159,362	160,258	135,700	64,869	65,220	59,340	39,503	39,263	31,568
Contracts with health service operators	1,412	1,462	1,298	10,067	10,394	9,391	59,086	59,507	54,163	9,507	9,928	8,405
Contracts under the Health Care Protection Act	-	-	-	-	-	-	-	-	-	-	-	-
Drugs, gases, medical and surgical supplies	1,672	1,984	1,661	11,930	11,978	10,653	2,108	2,471	2,552	2,209	2,483	2,238
Other contracted services	1,919	1,732	1,148	13,755	13,724	8,762	3,054	3,270	1,207	2,215	2,243	1,204
Interest on long-term debt	-	-	-	45	44	103	-	-	-	-	-	-
Other	11,308	12,235	10,865	30,535	29,732	28,375	20,389	16,474	16,492	11,517	12,289	10,554
Amortization:												
Capital equipment - internally funded	594	462	564	1,685	1,628	1,813	397	608	386	716	743	716
Capital equipment - externally funded	403	593	336	2,308	2,392	1,994	750	770	744	589	790	589
Facilities and Improvements	1,634	1,458	1,328	4,726	4,660	4,501	3,243	3,069	3,154	1,452	1,419	1,540
Capital assets write down - equipment	-	-	-	-	-	-	-	-	-	-	-	-
Capital assets write down - facilities and improvements	-	-	-	-	-	-	-	-	-	-	688	-
	59,276	58,758	50,198	234,413	234,810	201,292	153,896	151,389	138,038	67,708	69,846	56,814
Less amounts reported in ancillary operations	(180)	(190)	(215)	(2,000)	(2,212)	(2,164)	(741)	(872)	(852)	(547)	(560)	(667)
TOTAL EXPENSES	59,096	58,568	49,983	232,413	232,598	199,128	153,155	150,517	137,186	67,161	69,286	56,147

HEALTH AUTHORITY FINANCIAL SUMMARY
SCHEDULE OF EXPENSES BY OBJECT FOR THE YEAR
ENDED MARCH 31, 2002
(Thousands of dollars)

	CROSSROADS			CAPITAL HEALTH			ASPEN			LAKELAND		
	2001/02 BUDGET	2001/02 ACTUAL	2000/01 ACTUAL	2001/02 BUDGET	2001/02 ACTUAL	2000/01 ACTUAL	2001/02 BUDGET	2001/02 ACTUAL	2000/01 ACTUAL	2001/02 BUDGET	2001/02 ACTUAL	2000/01 ACTUAL
Salaries, honoraria, benefits, allowances and severance	33,700	33,444	29,482	732,279	724,966	636,966	51,472	51,452	42,996	65,523	66,218	59,087
Contracts with health service operators	1,041	1,041	852	433,142	432,864	373,071	6,315	6,365	5,600	35,851	36,038	33,459
Contracts under the Health Care Protection Act	-	-	-	3,200	3,075	1,524	-	-	-	-	-	-
Drugs, gases, medical and surgical supplies	2,069	2,035	1,998	129,839	122,372	108,272	2,478	2,604	2,327	2,947	3,289	2,962
Other contracted services	2,115	2,264	1,551	109,282	101,301	69,228	2,278	2,278	1,162	4,501	4,518	1,995
Interest on long-term debt	-	-	-	-	-	-	-	-	-	8	8	22
Other	9,302	9,900	10,893	168,746	154,636	175,928	12,960	14,348	13,151	18,822	17,500	19,211
Amortization:												
Capital equipment - internally funded	340	321	337	11,500	17,269	9,867	732	891	732	775	899	856
Capital equipment - externally funded	568	624	735	18,390	22,834	18,280	823	804	776	895	885	732
Facilities and Improvements	1,949	1,930	1,950	20,000	22,476	21,655	1,883	1,954	1,862	2,852	2,858	3,255
Capital assets write down - equipment	-	-	-	-	-	-	-	-	-	-	-	-
Capital assets write down - facilities and improvements	-	-	-	-	-	-	-	-	-	-	-	-
	51,084	51,559	47,798	1,626,378	1,601,793	1,414,791	78,941	80,696	68,606	132,174	132,213	121,579
Less amounts reported in ancillary operations	(495)	(1,189)	(1,197)	(24,797)	(29,103)	(27,495)	(456)	(469)	(485)	(450)	(450)	(462)
TOTAL EXPENSES	50,589	50,370	46,601	1,601,581	1,572,690	1,387,296	78,485	80,227	68,121	131,724	131,763	121,117

TABLE IV

HEALTH AUTHORITY FINANCIAL SUMMARY
SCHEDULE OF EXPENSES BY OBJECT FOR THE YEAR
ENDED MARCH 31, 2002
(Thousands of dollars)

	MISTAHIA			PEACE			KEEWEETINOK LAKES			NORTHERN LIGHTS		
	2001/02 BUDGET	2001/02 ACTUAL	2000/01 ACTUAL	2001/02 BUDGET	2001/02 ACTUAL	2000/01 ACTUAL	2001/02 BUDGET	2001/02 ACTUAL	2000/01 ACTUAL	2001/02 BUDGET	2001/02 ACTUAL	2000/01 ACTUAL
Salaries, honoraria, benefits, allowances and severance	73,336	72,954	63,972	21,807	24,103	18,704	17,264	17,195	15,123	27,500	28,294	23,654
Contracts with health service operators	3,235	3,308	3,067	-	-	-	-	-	-	2,579	2,812	2,289
Contracts under the Health Care Protection Act	-	-	-	-	-	-	-	-	-	-	-	-
Drugs, gases, medical and surgical supplies	4,141	5,655	4,903	979	1,271	986	1,177	1,128	1,143	1,302	1,563	1,316
Other contracted services	7,600	7,421	4,368	1,328	1,870	792	910	1,154	765	1,906	2,636	1,516
Interest on long-term debt	-	-	-	-	-	-	-	-	-	-	-	-
Other	21,144	20,781	19,667	7,655	6,393	5,854	7,224	7,244	6,881	5,670	5,733	5,373
Amortization:												
Capital equipment - internally funded	678	800	701	440	485	433	951	831	988	172	126	116
Capital equipment - externally funded	1,337	1,601	1,337	838	842	533	283	325	227	730	623	574
Facilities and Improvements	4,788	3,764	4,788	1,014	888	751	925	863	864	1,883	1,422	1,850
Capital assets write down - equipment	-	-	-	-	-	-	-	-	-	-	-	-
Capital assets write down - facilities and improvements	-	-	-	-	-	-	-	-	-	-	-	-
	116,259	116,284	102,803	34,061	35,852	28,053	28,734	28,740	25,991	41,742	43,209	36,688
Less amounts reported in ancillary operations	-	(98)	(95)	(339)	(339)	(278)	(1,492)	(1,700)	(1,547)	(409)	(533)	(392)
TOTAL EXPENSES	116,259	116,186	102,708	33,722	35,513	27,775	27,242	27,040	24,444	41,333	42,676	36,296

TABLE IV

HEALTH AUTHORITY FINANCIAL SUMMARY
SCHEDULE OF EXPENSES BY OBJECT FOR THE YEAR
ENDED MARCH 31, 2002

(Thousands of dollars)

	NORTHWESTERN			ALBERTA MENTAL HEALTH BOARD			ALBERTA CANCER BOARD			HEALTH AUTHORITY TOTAL		
	2001/02 BUDGET	2001/02 ACTUAL	2000/01 ACTUAL	2001/02 BUDGET	2001/02 ACTUAL	2000/01 ACTUAL	2001/02 BUDGET	2001/02 ACTUAL	2000/01 ACTUAL	2001/02 BUDGET	2001/02 ACTUAL	2000/01 ACTUAL
Salaries, honoraria, benefits, allowances and severance	12,093	12,199	11,415	143,282	151,463	132,393	70,100	71,325	60,924	2,560,159	2,556,906	2,200,688
Contracts with health service operators	257	279	240	39,474	45,737	37,623	-	-	-	936,792	957,550	838,924
Contracts under the Health Care Protection Act	-	-	-	-	-	-	-	-	-	8,251	8,352	4,637
Drugs, gases, medical and surgical supplies	549	610	696	3,519	3,883	3,515	36,970	36,618	30,246	347,255	343,795	302,705
Other contracted services	224	343	208	13,339	15,179	12,394	18,348	18,170	14,892	309,490	322,465	221,761
Interest on long-term debt	-	-	1	-	-	-	-	-	-	118	95	159
Other	4,319	4,266	4,043	35,877	31,137	31,123	38,876	39,477	35,806	617,952	576,652	591,915
Amortization:												
Capital equipment - internally funded	429	311	251	1,976	2,132	1,620	1,900	2,443	1,891	42,002	47,414	36,829
Capital equipment - externally funded	300	559	566	1,491	1,181	1,313	5,069	5,827	5,169	57,264	64,033	53,853
Facilities and Improvements	900	781	762	1,679	1,905	1,807	3,972	4,159	5,130	82,211	84,325	86,019
Capital assets write down - equipment	-	-	-	-	-	-	-	-	-	-	-	220
Capital assets write down - facilities and improvements	-	-	-	-	-	-	-	-	-	-	688	-
	19,071	19,348	18,182	240,637	252,617	221,788	175,235	178,019	154,058	4,961,494	4,962,275	4,337,710
Less amounts reported in ancillary operations	(217)	(350)	(329)	(1,997)	(1,916)	(1,836)	(4,017)	(4,006)	(3,888)	(53,781)	(60,936)	(57,381)
TOTAL EXPENSES	18,854	18,998	17,853	238,640	250,701	219,952	171,218	174,013	150,170	4,907,713	4,901,339	4,280,329

HEALTH AUTHORITY SUMMARY OF OTHER FINANCIAL INFORMATION FOR THE YEAR ENDED MARCH 31, 2002

(Thousands of dollars)

	CHINOOK	PALLISER	HEADWATERS	CALGARY	HEALTH AUTHORITY 5	DAVID THOMPSON	EAST CENTRAL
I. SURPLUS/(DEFICIT) AS A % OF TOTAL REVENUE	(0.06%)	(1.09%)	(1.30%)	(0.02%)	1.98%	(1.30%)	(1.07%)
II. ADMINISTRATION COST AS A % OF TOTAL EXPENSES	4.6%	4.1%	5.7%	3.5%	5.5%	4.5%	6.4%
excludes information technology and Wellnet							
III. WORKING CAPITAL							
Current Assets	24,963	15,306	9,220	198,294	11,893	49,207	24,718
Current Liabilities	24,947	19,389	9,007	167,110	11,629	31,179	18,190
WORKING CAPITAL RATIO	1.00	0.79	1.02	1.19	1.02	1.58	1.36
IV. ALBERTA HEALTH AND WELLNESS FUNDING COVERAGE RATIO	86.3%	81.9%	79.6%	85.6%	88.3%	85.8%	85.0%
V. AVERAGE REMAINING USEFUL LIFE OF CAPITAL EQUIPMENT IN YEARS	3.5	4.0	6.0	4.3	7.0	5.6	4.6
VI. CAPITAL INVESTMENTS DURING THE YEAR							
Funded from internal resources							
Equipment	4,833	58	310	10,244	468	2,742	473
Facilities and Improvements	-	-	7	8,101	-	-	-
	4,833	58	317	18,345	468	2,742	473
Funded by external parties							
Equipment	3,613	5,041	1,980	26,738	4,345	3,843	2,618
Facilities and Improvements	683	(65)	233	43,281	10,705	5,267	-
Land	-	-	-	-	-	-	-
	4,296	4,976	2,213	70,019	15,050	9,110	2,618
Total capital investments during the year	9,129	5,034	2,530	88,364	15,518	11,852	3,091
VII. TOTAL FTEs *(excludes Board)*	2,367	1,466	781	13,340	825	3,069	1,354

HEALTH AUTHORITY SUMMARY OF
OTHER FINANCIAL INFORMATION FOR THE YEAR
ENDED MARCH 31, 2002
(Thousands of dollars)

	WESTVIEW	CROSSROADS	CAPITAL HEALTH	ASPEN	LAKELAND	MISTAHIA	PEACE
I. SURPLUS/(DEFICIT) AS A % OF TOTAL REVENUE	(4.90%)	1.18%	0.75%	(1.09%)	(2.96%)	(1.30%)	(5.46%)
II. ADMINISTRATION COST AS A % OF TOTAL EXPENSES *excludes information technology and Wellnet*	6.6%	6.0%	2.5%	5.3%	4.3%	6.6%	5.8%
III. WORKING CAPITAL							
Current Assets	10,473	13,970	232,553	16,537	10,515	16,124	4,816
Current Liabilities	11,217	11,663	229,553	13,095	13,690	14,754	5,048
WORKING CAPITAL RATIO	0.93	1.20	1.01	1.26	0.77	1.09	0.95
IV. ALBERTA HEALTH AND WELLNESS FUNDING COVERAGE RATIO	79.4%	86.9%	86.2%	82.0%	81.4%	82.9%	81.7%
V. AVERAGE REMAINING USEFUL LIFE OF CAPITAL EQUIPMENT IN YEARS	3.7	3.2	3.0	3.9	4.3	5.0	5.2
VI. CAPITAL INVESTMENTS DURING THE YEAR							
Funded from internal resources							
Equipment	171	143	39,566	946	626	712	899
Facilities and Improvements	-	-	-	168	-	396	-
	171	143	39,566	1,114	626	1,108	899
Funded by external parties							
Equipment	930	1,040	7,208	1,682	1,855	2,517	2,510
Facilities and Improvements	1,693	-	35,548	1,527	1,723	4,908	8,043
Land	-	-	-	-	-	-	-
	2,623	1,040	42,756	3,209	3,578	7,425	10,553
Total capital investments during the year	2,794	1,183	82,322	4,323	4,204	8,533	11,452
VII. TOTAL FTEs *(excludes Board)*	755	681	12,754	1,054	1,291	1,405	448

**HEALTH AUTHORITY SUMMARY OF
OTHER FINANCIAL INFORMATION FOR THE YEAR
ENDED MARCH 31, 2002**
(Thousands of dollars)

	KEEWEETINOK LAKES	NORTHERN LIGHTS	NORTHWESTERN	ALBERTA MENTAL HEALTH BOARD	ALBERTA CANCER BOARD	HEALTH AUTHORITY TOTAL 2002	HEALTH AUTHORITY TOTAL 2001
I. SURPLUS/(DEFICIT) AS A % OF TOTAL REVENUE	(4.60%)	(3.14%)	1.63%	(3.06%)	(3.74%)	(0.43%)	0.92%
II. ADMINISTRATION COST AS A % OF TOTAL EXPENSES *excludes information technology and Wellnet*	6.8%	8.1%	7.4%	5.8%	3.1%	3.8%	4.1%
III. WORKING CAPITAL							
Current Assets	2,534	4,730	4,724	51,556	26,904	729,037	682,508
Current Liabilities	2,905	4,838	1,969	34,556	39,240	663,979	568,438
WORKING CAPITAL RATIO	0.87	0.98	2.40	1.49	0.69	1.10	1.20
IV. ALBERTA HEALTH AND WELLNESS FUNDING COVERAGE RATIO	81.7%	80.5%	88.6%	88.1%	76.7%	85.1%	85.2%
V. AVERAGE REMAINING USEFUL LIFE OF CAPITAL EQUIPMENT IN YEARS	3.9	4.1	3.0	2.7	6.1	3.9	4.6
VI. CAPITAL INVESTMENTS DURING THE YEAR							
Funded from internal resources							
Equipment	1,108	395	384	1,313	4,320	69,711	74,485
Facilities and Improvements	-	-	-	36	-	8,708	2,305
	1,108	395	384	1,349	4,320	78,419	76,790
Funded by external parties							
Equipment	1,109	1,290	7,427	481	8,933	85,160	70,357
Facilities and Improvements	-	408	-	37,417	6,343	157,714	100,105
Land	-	-	-	-	-	-	30
	1,109	1,698	7,427	37,898	15,276	242,874	170,492
Total capital investments during the year	2,217	2,093	7,811	39,247	19,596	321,293	247,282
VII. TOTAL FTEs *(excludes Board)*	323	503	260	2,718	1,172	46,566	44,103

Alphabetical List of Government Entities' Financial Statements in Ministry 2001/2002 Annual Reports

ENTITIES INCLUDED IN THE CONSOLIDATED GOVERNMENT REPORTING ENTITY

Ministry, Department, Fund or Agency	Ministry Annual Report
Agriculture Financial Services Corporation	Agriculture, Food and Rural Development
Alberta Alcohol and Drug Abuse Commission	Health and Wellness
Alberta Dairy Control Board	Agriculture, Food and Rural Development
Alberta Energy and Utilities Board	Energy
Alberta Foundation for the Arts	Community Development
Alberta Gaming and Liquor Commission	Gaming
Alberta Government Telephones Commission, The	Finance
Alberta Heritage Foundation for Medical Research Endowment Fund	Revenue
Alberta Heritage Savings Trust Fund	Revenue
Alberta Heritage Scholarship Fund	Revenue
Alberta Heritage Science and Engineering Research Endowment Fund	Revenue
Alberta Historical Resources Foundation, The	Community Development
Alberta Insurance Council	Finance
Alberta Municipal Financing Corporation	Finance
Alberta Opportunity Company	Agriculture, Food and Rural Development
Alberta Pensions Administration Corporation	Finance
Alberta Petroleum Marketing Commission	Energy
Alberta Research Council Inc.	Innovation and Science
Alberta Risk Management Fund	Revenue
Alberta School Foundation Fund	Learning
Alberta Science and Research Authority	Innovation and Science
Alberta Securities Commission	Revenue
Alberta Social Housing Corporation	Seniors
Alberta Sport, Recreation, Parks and Wildlife Foundation	Community Development
Alberta Treasury Branches	Finance
ATB Investment Services Inc.	Finance
Child and Family Services Authorities:	Children's Services
Awasak Child and Family Services Authority	
Calgary Rocky View Child and Family Services Authority	
Child and Family Services Authority Region 13	
Child and Family Services Authority Region 14	
Diamond Willow Child and Family Services Authority	
Hearthstone Child and Family Services Authority	
Keystone Child and Family Services Authority	
Ma' Mowe Capital Region Child and Family Services Authority	
Metis Settlements Child and Family Services Authority	
Neegan Awas'sak Child and Family Services Authority	
Ribstone Child and Family Services Authority	
Sakaigun Asky Child and Family Services Authority	
Sakaw-Askiy Child and Family Services Authority	
Silver Birch Child and Family Services Authority	
Southeast Alberta Child and Family Services Authority	
Sun Country Child and Family Services Authority	
West Yellowhead Child and Family Services Authority	
Windsong Child and Family Services Authority	

Ministry, Department, Fund or Agency	**Ministry Annual Report**
Credit Union Deposit Guarantee Corporation	Finance
Crop Reinsurance Fund of Alberta	Agriculture, Food and Rural Development
Ministry, Department, Fund or Agency	Ministry Annual Report
Department of Agriculture, Food and Rural Development	Agriculture, Food and Rural Development
Department of Children's Services	Children's Services
Department of Community Development	Community Development
Department of Energy	Energy
Department of Finance	Finance
Department of Gaming	Gaming
Department of Health and Wellness	Health and Wellness
Department of Innovation and Science	Innovation and Science
Department of Learning	Learning
Department of Revenue	Revenue
Department of Seniors	Seniors
Department of Solicitor General	Solicitor General
Department of Sustainable Resource Development	Sustainable Resource Development
Environmental Protection and Enhancement Fund	Sustainable Resource Development
Gainers Inc. Finance	
Government House Foundation, The	Community Development
Historic Resources Fund	Community Development
Human Rights, Citizenship and Multiculturalism Education Fund	Community Development
iCore Inc.	Innovation and Science
Lottery Fund	Gaming
Ministry of Aboriginal Affairs and Northern Development[1]	Aboriginal Affairs and Northern Development
Ministry of Agriculture, Food and Rural Development	Agriculture, Food and Rural Development
Ministry of Children's Services	Children's Services
Ministry of Community Development	Community Development
Ministry of Economic Development[1]	Economic Development
Ministry of Energy	Energy
Ministry of Environment[1]	Environment
Ministry of Finance	Finance
Ministry of Executive Council[1]	Executive Council
Ministry of Gaming	Gaming
Ministry of Government Services[1]	Government Services
Ministry of Health and Wellness	Health and Wellness
Ministry of Human Resources and Employment[1]	Human Resources and Employment
Ministry of Infrastructure[1]	Infrastructure
Ministry of Innovation and Science	Innovation and Science
Ministry of International and Intergovernmental Relations[1]	International and Intergovernmental Relations
Ministry of Justice[1]	Justice
Ministry of Learning	Learning
Ministry of Municipal Affairs[1]	Municipal Affairs
Ministry of Revenue	Revenue
Ministry of Seniors	Seniors
Ministry of Solicitor General	Solicitor General
Ministry of Sustainable Resource Development	Sustainable Resource Development
Ministry of Transportation[1]	Transportation
N.A. Properties (1994) Ltd.	Finance
Natural Resources Conservation Board	Sustainable Resource Development

Ministry, Department, Fund or Agency	Ministry Annual Report
Persons with Developmental Disabilities	Community Boards
Calgary Community Board	Community Development
Central Community Board	Community Development
Edmonton Community Board	Community Development
Northeast Community Board	Community Development
Northwest Community Board	Community Development
South Community Board	Community Development
Persons with Developmental Disabilities Foundation[2]	Community Development
Persons with Developmental Disabilities Michener Centre Facility Board	Community Development
Persons with Developmental Disabilities Provincial Board	Community Development
Provincial Judges and Masters in Chambers Reserve Fund	Finance
S C Financial Ltd.	Finance
Supplementary Retirement Plan Reserve Fund	Finance
Victims of Crime Fund	Solicitor General
Wild Rose Foundation, The	Community Development

[1] Ministry includes only the department so separate department financial statements are not necessary.

[2] Previously reported through Alberta Health and Wellness

ENTITIES NOT INCLUDED IN THE CONSOLIDATED GOVERNMENT REPORTING ENTITY

Fund or Agency	Ministry Annual Report
Alberta Cancer Board	Health and Wellness
Alberta Foundation for Health Research	Innovation and Science
Alberta Heritage Foundation for Medical Research	Innovation and Science
Alberta Heritage Foundation for Science and Engineering Research	Innovation and Science
Alberta Mental Health Board	Health and Wellness
Alberta Teachers' Retirement Fund Board	Learning
Improvement Districts' Trust Account	Municipal Affairs
Local Authorities Pension Plan	Finance
Long-Term Disability Income Continuance Plan — Bargaining Unit	Human Resources and Employment
Long-Term Disability Income Continuance Plan — Management, Opted Out and Excluded	Human Resources and Employment
Management Employees Pension Plan	Finance
Provincial Judges and Masters in Chambers Pension Plan	Finance
Public Post Secondary Institutions	Learning
Public Service Management (Closed Membership) Pension Plan	Finance
Public Service Pension Plan	Finance
Regional Health Authorities	Health and Wellness
School Boards	Learning
Special Areas Trust Account, The	Municipal Affairs
Special Forces Pension Plan	Finance
Supplementary Retirement Plan for Provincial Judges and Masters in Chambers	Finance
Supplementary Retirement Plan for Public Service Managers	Finance
Universities Academic Pension Plan	Finance
Workers' Compensation Board	Human Resources and Employment

SECTION

SECTION

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Alberta Ministry of Health and Wellness

Annual Report 2001/2002

Section II

Alberta
HEALTH AND WELLNESS

For further information

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Contact list:
Financial Information for Regional Health Authorities and Provincial Health Boards

For further financial information regarding the regional health authorities or provincial health boards, please contact:

1.	**Chinook Regional Health Authority**	**(403) 382-6019**
2.	**Palliser Health Authority**	**(403) 529-8058**
3.	**Headwaters Health Authority**	**(403) 601-8330**
4.	**Calgary Health Region**	**(403) 541-3677**
5.	**Regional Health Authority 5**	**(403) 823-5245**
6.	**David Thompson Regional Health Authority**	**(403) 341-8622**
7.	**East Central Health Authority**	**(403) 608-8820**
8.	**WestView Regional Health Authority**	**(780) 968-3221**
9.	**Crossroads Regional Health Authority**	**(780) 352-3766**
10.	**Capital Health Authority**	**(780) 407-1010**
11.	**Aspen Regional Health Authority #11**	**(780) 349-8705**
12.	**Lakeland Regional Health Authority**	**(780) 656-2030** **1-800-815-8683**
13.	**Mistahia Regional Health Authority**	**1-800-732-8981**
14.	**Peace Regional Health Authority**	**(780) 618-4500**
15.	**Keeweetinok Lakes Regional Health Authority #15**	**(780) 523-6641**
16.	**Northern Lights Regional Health Authority**	**(780) 791-6018**
17.	**Northwestern Regional Health Authority**	**(780) 926-4388**
18.	**Alberta Mental Health Board**	**(780) 422-2233**
19.	**Alberta Cancer Board**	**(780) 412-6328**

Chinook
#1

Chinook Regional Health Authority

Financial Statements

March 31, 2002

CHINOOK REGIONAL HEALTH AUTHORITY

FINANCIAL STATEMENTS

MARCH 31, 2002

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AUDITOR GENERAL *Alberta*

AUDITOR'S REPORT

To the Members of the Chinook Regional Health Authority
and the Minister of Health and Wellness

I have audited the statement of financial position of the Chinook Regional Health Authority ("the Authority") as at March 31, 2002, and the statements of operations and changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Authority's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

The Authority has recorded a long-term care facility that does not meet the definition of a capital asset because it is not owned or controlled by the Authority. The effect of this departure from Canadian generally accepted accounting principles is to overstate capital assets and unamortized external capital contributions by $26.6 million as at March 31, 2002. Since the Authority accounts for all costs and revenues related to services carried out for which it is responsible, the incorrect recording of the asset in question has no effect on total expenses and revenues.

In my opinion, except for the effect of the matter discussed in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the Authority as at March 31, 2002 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

CA
Auditor General

Edmonton, Alberta
May 29, 2002

CHINOOK REGIONAL HEALTH AUTHORITY

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

FINANCIAL STATEMENTS

MARCH 31, 2002

The accompanying financial statements are the responsibility of management and have been approved by the Authority. The financial statements were prepared in accordance with Generally Accepted Accounting Principles and the Financial Directives issued by Alberta Health and Wellness, and of necessity include some amounts that are based on estimates and judgements.

To discharge its responsibility for the integrity and objectivity of financial reporting, management maintains a system of internal accounting controls comprising written policies, standards and procedures, a formal authorization structure, and satisfactory processes for reviewing internal controls. This system is designed to provide management with reasonable assurance that transactions are in accordance with governing legislation, are properly authorized, reliable financial records are maintained, and assets are adequately accounted for and safeguarded. The Authority has established a code of ethics and corporate directives, which require communication of the code to employees.

The Authority members carry out their responsibility for the financial statements through the Finance Committee. This Committee meets with management and the external auditor, the Auditor General of Alberta, to discuss and review financial matters, and recommends the financial statements to the Chinook Regional Health Authority Board for approval. The external auditor has full and free access to the Finance Committee.

The external auditor, the Auditor General of Alberta, provides an independent audit of the financial statements. Their examination is conducted in accordance with Canadian Generally Accepted Auditing Standards and includes tests and other procedures, which allow them to report on the fairness of the financial statements prepared by management.

May 29, 2002
Chief Executive Officer

May 29, 2002
Vice President, Finance and Administration

CHINOOK REGIONAL HEALTH AUTHORITY
STATEMENT OF FINANCIAL POSITION
MARCH 31, 2002
(thousands of dollars)

	2002 Budget (Note 13)	2002 Actual	2001 Actual
ASSETS			
Current			
Cash and investments (Note 3)	$ 15,796	$ 15,701	$ 19,952
Accounts receivable (Note 4)	3,763	7,104	4,161
Inventories	1,244	1,696	1,542
Prepaid expenses	317	462	641
	21,120	24,963	26,296
Non current cash and investments (Note 3)	18,194	20,703	17,294
Capital assets (Note 5)	188,516	183,218	186,618
Other assets (Note 6)	454	8,643	2,620
TOTAL ASSETS	$ 228,284	$ 237,527	$ 232,828
LIABILITIES AND NET ASSETS			
Current			
Accounts payable and accrued liabilities	9,946	13,830	10,413
Accrued vacation pay	8,070	8,733	7,473
Deferred contributions (Note 7)	1,869	2,262	1,719
Current portion of long term debt (Note 9)	135	122	143
	20,020	24,947	19,748
Deferred contributions (Note 7)	3,122	7,732	5,502
Deferred capital contributions (Note 8)	3,170	8,450	5,479
Long-term debt (Note 9)	610	609	745
Unamortized external capital contributions (Note 10)	173,793	170,828	176,311
Other liabilities		58	-
	180,695	187,677	188,037
Net assets			
Unrestricted (Note 11)	3,091	144	10,194
Internally restricted (Note 11 and 12)	13,346	12,950	5,280
Investment in capital assets	10,982	11,659	9,419
Operating net assets	27,419	24,753	24,893
Endowments	150	150	150
	27,569	24,903	25,043
TOTAL LIABILITIES AND NET ASSETS	$ 228,284	$ 237,527	$ 232,828

The accompanying notes and schedules are part of these financial statements.

CHINOOK REGIONAL HEALTH AUTHORITY
STATEMENT OF OPERATIONS
MARCH 31, 2002
(thousands of dollars)

	2002 Budget (Note 13)	2002 Actual	2001 Actual
Revenue			
Alberta Health and Wellness contributions (Note 14)	$ 191,941	$ 194,970	$ 168,108
Other government contributions (Note 15)	2,545	2,564	2,214
Fees and charges	12,888	13,540	12,842
Ancillary operations, net (Note 16)	413	349	571
Donations	159	266	280
Investment and other income (Note 17)	5,370	4,359	5,402
Amortization of external capital contributions (Note 10)	8,916	9,774	8,305
TOTAL REVENUE	$ 222,232	$ 225,822	$ 197,722
Expenses (Schedule 1)			
Facility-based inpatient acute services	55,089	57,268	47,327
Facility-based emergency and outpatient services	13,330	13,560	10,796
Facility-based continuing care services	30,643	31,512	27,599
Community and home based services	14,711	14,829	11,937
Diagnostic and therapeutic services	40,748	39,470	35,184
Promotion, prevention and protection services	9,161	8,828	7,178
Administration (Note 18)	9,948	10,302	8,931
Information technology and wellnet (Note 19)	3,871	4,252	3,344
Y2K remedial costs	-	-	20
Support services (Note 20)	37,850	38,596	33,873
Amortization of facilities and improvements	6,881	7,345	6,718
TOTAL EXPENSES	$ 222,232	$ 225,962	$ 192,907
Excess (deficiency) of revenue over expenses	$ -	$ (140)	$ 4,815

CHINOOK REGIONAL HEALTH AUTHORITY
STATEMENT OF CHANGES IN NET ASSETS
MARCH 31, 2002
(thousands of dollars)

	2002						2001
	Operating						
	Unrestricted (Note 1)	Internally Restricted (Note 2)	Invested in Capital Assets	Total Operating	Endowments	Total	Total
Excess (deficiency) of revenue over expenses	$ (140)	$ -	$ -	$ (140)	$ -	$ (140)	$ 4,815
Capital assets purchased with internal funds	-	(4,833)	4,833	-	-	-	-
Amortization on internally funded capital assets	2,750	-	(2,750)	-	-	-	-
Repayment of long-term debt used to fund capital assets	(157)	-	157	-	-	-	-
Net change	2,453	(4,833)	2,240	(140)	-	(140)	4,815
Transfer to internally restricted	(12,503)	12,503	-	-	-	-	-
Balance at beginning of year	10,194	5,280	9,419	24,893	150	25,043	20,228
Balance at end of year	$ 144	$ 12,950	$ 11,659	$ 24,753	$ 150	$ 24,903	$ 25,043

CHINOOK REGIONAL HEALTH AUTHORITY
STATEMENT OF CASH FLOWS
MARCH 31, 2002
(thousands of dollars)

	2002		2001
	Budget	Actual	Actual
Cash generated from (used by):			
Operating activities:			
Excess (deficiency) of revenue over expenses	$ -	$ (140)	$ 4,815
Non-cash transactions:			
Amortization of capital equipment - internally funded	3,166	2,425	1,843
- externally funded	1,750	2,593	1,719
Amortization of facilities and improvements	6,881	6,892	6,682
Gross Amortization of external capital contributions (Note 10)	(8,873)	(9,779)	(8,307)
Gain on disposal of capital equipment	-	(65)	(195)
Loss on disposal of facilities and improvements	-	498	36
	2,924	2,424	6,593
Change in non-cash working capital account (Note 21)	3,907	4,626	1,960
Cash generated from operations	6,831	7,050	8,553
Investing activities:			
Purchase of capital assets:			
internally funded	(6,844)	(4,833)	(3,241)
externally funded - equipment	(6,403)	(3,613)	(2,002)
- facilities & improvements	-	(683)	(3,003)
Proceeds on sale of capital assets	-	186	510
(Increase) decrease in other assets	-	(6,023)	688
Decrease (Increase) in non-current cash	900	(3,409)	(903)
Cash used by investing activities	(12,347)	(18,375)	(7,951)
Financing activities:			
Capital contributions received (Note 8)	2,324	7,267	6,753
Change in non-cash working capital account (Note 21)	-	(2,324)	(2,166)
Principal payments on long-term debt	(143)	(157)	(148)
Increase in long-term debt	-	-	160
Increase in long-term liabilities	-	58	-
Net change in non-current deferred contributions	(821)	2,230	216
Cash generated from financing activities	1,360	7,074	4,815
(Decrease) increase in cash and investments	(4,156)	(4,251)	5,417
Cash and investments, beginning of year	19,952	19,952	14,535
Cash and investments, end of year	$ 15,796	$ 15,701	$ 19,952

CHINOOK REGIONAL HEALTH AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2002

(thousands of dollars)

Note 1 Authority, Purpose and Operations

The Chinook Regional Health Authority (the "Authority") was established on June 24, 1994 under the authority of the Regional Health Authority Act, Chapter R-10, Revised Statutes of Alberta 2000. The Authority is exempt from the payment of income tax and is also a registered charity under the Income Tax Act.

The Authority is responsible for the delivery of appropriate, accessible and affordable health services within the Chinook Region (the "Region"). This responsibility includes operating programs designed to promote, protect, maintain, restore and enhance physical and mental well-being.

The operations of the Authority include the following facilities and sites:

- Barons-Eureka-Warner Health Unit
- Border Counties General Hospital
- Cardston General Hospital
- Children's Assessment, Rehabilitation and Education Centre Society of Southwestern Alberta
- Chinook Health Unit
- Crowsnest Pass General and Auxiliary Hospital
- Fort Macleod Health Care Centre
- Fort Macleod Special Development Unit
- City of Lethbridge Health Unit
- Lethbridge Regional Hospital
- Magrath General Hospital
- Picture Butte Health Centre
- Pincher Creek Municipal Hospital
- Raymond General Hospital
- Taber and District Health Care Complex

These financial statements do not include the assets, liabilities and operations of any voluntary or private facilities providing health services in the region. Information on these facilities is disclosed in Note 22(f).

Note 2 Significant Accounting Policies and Reporting Practices

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles and the reporting requirements of Financial Directive 19 issued by Alberta Health and Wellness. The following are the significant accounting policies:

(a) Basis of Presentation

These financial statements are prepared using the deferral method of accounting. The Foundations are not consolidated.

(b) Revenue Recognition

(i) Unrestricted operating grants and other contributions are recognized as revenue when receivable.

(ii) Externally restricted non-capital contributions are deferred and recognized as revenue in the year when related expenses are incurred.

(iii) Externally restricted capital contributions are recorded as deferred capital contributions until the amount is invested in capital assets. Amounts invested representing externally funded capital assets are then transferred to unamortized external capital contributions. Unamortized external capital contributions are recognized as revenue in the periods in which the related amortization expense of the funded capital asset is recorded.

(iv) Restricted contributions for the purchase of capital assets which will not be amortized are recorded as direct increases to net assets.

(v) Unrestricted investment income is recognized in the year it is earned.

(vi) Investment income subject to external restrictions is, depending on the nature of the restrictions, recorded as a direct increase to net assets, or is deferred and recognized as revenue in the year the related expenses are incurred.

(vii) Donations and contributions in kind are recorded at fair value when such value can reasonably be determined.

(c) Full cost

The Authority accounts for all costs and revenues related to services carried out for which it is responsible.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

The fair value of costs of services are recorded. The fair value transactions recorded consist of the following:

(i) Revenues earned by contracted health service operators from Ministry of Health and Wellness designated fees and charges are recorded as fees and charges of the Authority. An equivalent amount is recorded as contracted health service operator expense of the Authority.

(ii) Payments made by Alberta Health directly to contracted health service operators for health programs are recorded as revenues and an equivalent amount recorded as program expenses as these payments represent part of the cost of the Authority's health programs.

(iii) The fair value for the use of non-acute care facilities not owned by the Authority and provided to the Authority at zero or nominal rent is recorded as other government contributions and as program expenses.

(iv) Other assets, supplies and service contributions that would otherwise have been purchased are recorded as revenue and expenses, at fair value at the date of contribution, when a fair value can be reasonably determined. Volunteers contribute a significant amount of time each year to assist the Authority in carrying out its programs and services. However, contributed services of volunteers are not recognized as revenues and expenses in these financial statements because fair value cannot be reasonably determined.

(d) Employee Future Benefits

The Authority participates in the Local Authorities Pension Plan. This is a multi-employer defined benefit plan that provides pensions for the Authority's participating employees, based on years of service and earnings.

Defined contribution plan accounting is applied to a multi-employer defined benefit plan for which the Authority has insufficient information to apply defined benefit plan accounting.

Pension costs included in these financial statements comprise the amount of employer contributions required for its employees during the year, based on rates which are expected to provide for benefits payable under the pension plan. The Authority's portion of the pension plans' deficit or surplus is not recorded by the Authority.

The Authority fully accrues its obligations for employee non-pension future benefits.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(e) Investments

Temporary investments are recorded at lower of cost and market. Non-current investments are recorded at cost. Where there has been a loss in the value of an investment other than a temporary decline, the investment is written down to recognize the loss. The written down value is deemed to be the new cost.

(f) Financial Instruments

The carrying value of accounts receivable, accounts payable and accrued liabilities approximates their fair value as of March 31, 2002 because of the short-term maturity of these items.

The carrying value of long-term debt (obligations under capital leases) approximates their fair values as of March 31, 2002.

(g) Inventories

Inventories are valued at the lower of cost, determined on a first-in, first-out basis, or net realizable value.

(h) Capital Assets

Capital assets and construction projects in progress are recorded at cost. Capital assets costing less than $5 are expensed.

Capital assets except land, construction in progress and art are amortized over their estimated useful lives on a straight line basis as follows:

	Useful Life
Land improvements	10 - 25 years
Buildings	20 - 40 years
Equipment	5 - 20 years

Construction projects in progress are not amortized until the project is complete.

Leases transferring substantially all of the benefits and risks of ownership of capital assets to the Authority are accounted for as acquisitions of capital assets financed by long-term obligations.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(t) Measurement Uncertainty

The financial statements, by their nature, contain estimates and are subject to measurement uncertainty. The amounts recorded for amortization of external capital contributions are based on estimates of the useful life of related assets. Actual results could differ from these estimates. Also, the Authority is currently included in the Goods and Services (GST) free list of Alberta Government entities and therefore does not record or pay GST on purchased supplies and services. This situation could change in future if the Authority ceases to be part of the GST free list of the Alberta Government.

Note 3 Cash and Investments

	2002	2001
Cash and cash equivalents	$ 5,371	$ 5,040
Term deposits (1)	13,053	15,312
Bonds (2)	14,459	14,656
Equities (2)	3,521	2,238
	36,404	37,246
Amount held for non-current purposes	(20,703)	(17,294)
	$ 15,701	$ 19,952

(1) Term deposits with Alberta Treasury Branches maturing within 60 to 90 days and bearing interest at an average rate of 2.13%.
(2) The Authority has placed funds under management, invested in accordance with the investment policy, with Franklin Templeton Investments Corp. (Bissett Investment Management). The funds have a market value at March 31, 2002 as follows: Bonds - $14,423 (2001 - $14,767) and Equities - $3,816 (2001 - $2,345).

(i) Income and financial returns are exposed to credit and price risks. Credit risk relates to the possibility that a loss may occur when another party fails to perform according to terms of the contract. Price risk comprises interest rate risk and market risk. Interest rate risk relates to the possibility that investments will change in value with future fluctuations in market interest rates. Market risk relates to the possibility that investments will change in value due to fluctuations in market prices.

To earn optimal financial returns at an acceptable level of risk, management has established a policy asset mix of 65% to 100% for fixed-income instruments, 0% to 25% for equities, and 0% to 20% for cash and cash equivalents. Risk is reduced through asset class diversification, diversification within each asset class and quality constraints on fixed-income and equity instruments.

(ii) Publicly traded fixed-income instruments are managed with the objective of providing optimal returns while maintaining maximum security of capital. Return is optimized within risk constraints on the portfolio by management of portfolio duration and issuer

mix.

Note 3 Cash and Investments (continued)

Fixed-income securities, such as bonds, have an average effective yield of 4.6% per annum based on the market for securities maturing in a year, and 5.6% per annum for securities maturing between 1 and 10 years. As at March 31, 2002, the securities have the following term structure based on par:

	%
Under 1 year	1.2
1 to 5 years	34.1
5 to 10 years	52.8
Over 10 years	11.9

Non-current cash and investments represent the following:

	2002	2001
Endowments	$ 150	$ 150
Externally restricted for capital purposes	3,845	2,862
Internally restricted for capital purposes	12,774	5,044
Internally restricted for education	177	236
Externally restricted for specific purposes	3,699	6,739
Unrestricted for non-current investments	-	2,263
Other	58	-
	$ 20,703	$ 17,294

Note 4 Accounts Receivable

	2002	2001
Contributions receivable	$ 4,773	$ 2,649
Accounts receivable - patients and other	6,522	3,678
	11,295	6,327
Amounts held for non-current purposes	(4,191)	(2,166)
	$ 7,104	$ 4,161

Note 5 Capital Assets

	2002			2001
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	$ 2,402	$ -	$ 2,402	$ 2,462
Land improvements	4,192	3,385	807	765
Buildings	240,691	79,333	161,358	165,070
Equipment	64,194	46,663	17,531	12,125
Construction in progress	1,074	-	1,074	6,150
Art	46	-	46	46
	$ 312,599	$ 129,381	$ 183,218	$ 186,618

(a) Land

Land at the following sites has been provided to the Authority at nominal values: Crowsnest Pass General and Auxiliary Hospital, Picture Butte Health Centre and St. Michael's Health Centre.

(b) Leased Equipment

Included in the equipment are items acquired through capital leases at a cost of $1,527 (2001 - $1,590) with accumulated amortization of $1,094 (2001 - $966).

Capital assets have been funded from the following sources:

	2002	2001
Financed by capital leases	$ 731	$ 888
Externally funded	170,828	176,311
Internally funded	11,659	9,419
	$ 183,218	$ 186,618

Note 6 Other Assets

	2002	2001
Long term receivable	$ 4,447	$ 449
Contributions receivable	4,191	2,166
Deposits - Housekeeping	5	5
	$ 8,643	$ 2,620

The long term receivable is forgivable for services rendered by the contracted health service provider over the life of the Continuing Care Agreement. The Continuing Care Agreement will be for a term of 20 years effective from the date of commencement of operations, unless otherwise terminated.

Note 7 Deferred Contributions

	2002	2001
Amounts received:		
Alberta Health and Wellness	$ 4,987	$ 1,038
Other government	4,301	2,080
Donations	1,201	947
Investment income (Note 17)	247	156
Other	889	880
	11,625	5,101
Amounts recognized as revenue:		
Alberta Health and Wellness (Note 14)		
Year 2000 remedial costs	-	(20)
Other	(4,501)	(521)
Other government (Note 15)		
Person's with Developmental Disabilities	(1,948)	(1,718)
Other	(316)	(198)
Donations	(324)	(403)
Investment and other income (Note 17)	(1,179)	(688)
	(8,268)	(3,548)
Returned to foundations	-	(24)
Returned to Alberta Health and Wellness	(25)	-
Returned to Person's with Development Disabilities	-	(62)
Transferred to other Health Authority	(83)	-
Amounts transferred (to) from deferred		
Capital contributions (Note 8)		
Other	65	-
Donations	(541)	(587)
	(8,852)	(4,221)
Change during the year	2,773	880
Balance, beginning of year	7,221	6,341
	$ 9,994	$ 7,221

Unspent amounts at end of year are restricted for the following purposes:

	2002	2001
Current:		
Special purpose program funding		
Ambulance Training	$ 206	$ 280
Health Innovation Projects	313	466
Person's with Developmental Disabilities	158	258
Young Family Wellness	450	-
Other	394	310
	1,521	1,314
Restricted donations	741	405
	2,262	1,719
Long-term:		
Special purpose program funding		
Speech Initiative	2,896	2,806
Healthy Aging Partnership Initiative	3,936	1,559
Information Technology Strategic Plan	-	37
Taber Project	900	823
Student Health Partnership Initiative	-	277
	7,732	5,502
	$ 9,994	$ 7,221

Note 8 Deferred Capital Contributions

Deferred capital contributions balance represents amounts accounted for in accordance with accounting policy described in Note 2(b).

	2002	2001
Amounts received:		
Restricted Alberta Health and Wellness	$ 2,324	$ 3,722
Restricted other government	4,420	2,352
Restricted investment income (Note 17)	24	93
Refund to Alberta Infrastructure	(67)	(16)
Proceeds on sale of building	75	-
Contributed capital	15	15
Transferred from (to) deferred contributions (Note 7)		
Donations	541	587
Other	(65)	-
	7,267	6,753
Transferred (to) from:		
Unamortized external capital contributions (Note 10)		
Proceeds on sale of building	-	449
Other	(3,755)	(4,418)
Donations	(541)	(587)
Change during the year	2,971	2,197
Balance, beginning of year	5,479	3,282
Balance, end of year	$ 8,450	$ 5,479

Balance at end of year is restricted for the following purposes:

	2002	2001
Equipment replacement	3,804	3,945
New construction	4,646	1,534
	$ 8,450	$ 5,479

Note 9 Long-term Debt

	2002	2001
Obligations under capital leases	$ 731	$ 888
Less current portion	(122)	(143)
Long-term portion	$ 609	$ 745

	Total
Future payments:	
For the year ended March 31:	
2003	$ 174
2004	174
2005	174
2006	248
2007	28
2008 and thereafter	140
	938
Amount representing interest	(207)
	$ 731

The capital leases expire on various dates to March 15, 2012. The implicit interest rates payable on these leases are 8% to 9.5%.

Note 10 Unamortized External Capital Contributions

Unamortized external capital contributions reflect transactions accounted for in accordance with the accounting policy described in Note 2(b). The balance at end of year represents the external capital contribution that will be recognized as revenue in future years.

	2002	2001
Balance at beginning of year	$ 176,311	$ 180,062
Add amounts transferred from (to):		
Deferred capital contributions (Note 8)		
Unamortized portion of disposal	-	(449)
Other	3,755	4,418
Donations	541	587
	4,296	4,556
Less amounts recognized as revenue		
General operations	(9,774)	(8,305)
Ancillary operations (Note 16)	(5)	(2)
	(9,779)	(8,307)
	$ 170,828	$ 176,311

Note 11 Unrestricted and Internally Restricted Net Assets

The unrestricted and internally restricted net assets balance can be analyzed as follows:

Unrestricted and internally restricted net assets at regionalization - April 1,1995	$ 488
Changes since regionalization:	
Cumulative operating surplus	19,338
Invested in capital assets:	
Purchases net of amortization	(5,645)
Repayment of long-term debt	(1,087)
Balance - March 31, 2002	$ 13,094
Net Assets:	
Unrestricted	144
Internally restricted	12,950
	$ 13,094

Note 12 Net Assets Internally Restricted

Net assets internally restricted represent amounts restricted by the Authority for the following purposes:

	2002	2001
Future equipment replacement	$ 1,831	$ 1,700
Information technology upgrade	3,922	2,694
Building service equipment	520	650
Supportive Living	3,000	-
Infrastructure	3,500	-
Education fund	177	236
	$ 12,950	$ 5,280

Note 13 Budget

	Approved Budget[1]	Decreased Funding [2]	Reported Budget
Revenue:			
Alberta Health and Wellness contributions	$ 194,145	$ (2,204)	$ 191,941
Other government contributions	2,545	-	2,545
Fees and charges	12,888	-	12,888
Net ancillary operations	413	-	413
Donations	159	-	159
Investment and other revenue	5,370	-	5,370
Amortization of deferred capital contributions	8,916	-	8,916
Total revenue	224,436	(2,204)	222,232
Expenses:			
Facility-based inpatient services	55,657	(568)	55,089
Facility-based emergency and outpatient services	13,467	(137)	13,330
Facility-based continuing care services	30,963	(320)	30,643
Community and home based services	14,865	(154)	14,711
Diagnostic and therapeutic services	41,155	(407)	40,748
Promotion, prevention and protection services	9,257	(96)	9,161
Administration	10,052	(104)	9,948
Information technology and Wellnet	3,899	(28)	3,871
Support services	38,240	(390)	37,850
Amortization of facilities and improvements	6,881	-	6,881
Total expenses	224,436	(2,204)	222,232
Excess of revenues over expenses	$ -	$ -	$ -

(1) The budget was approved by the members of the Authority on August 9, 2001 and approved by the Minister of Health and Wellness on December 18, 2001.

(2) The Minister of Health and Wellness announced a funding decrease to RHA's in the amount of $40 million on October 18, 2001. The Chinook Regional Health Authority's share of this reduction was $2.2 million. A revised financial plan was approved by the Minister of Alberta Health and Wellness on December 18, 2001.

Note 14 Alberta Health and Wellness Contributions

	Budget	2002	2001
Unrestricted contributions	$ 190,634	190,289	167,383
Transfers from deferred contributions (Note 7)			
Year 2000 remedial costs		-	20
Other	1,127	4,501	521
Restricted contributions made directly by Alberta Health and Wellness to contracted health service operators	180	180	184
	$ 191,941	$ 194,970	$ 168,108

Note 15 Other Government Contributions

	Budget	2002	2001
Person's with Development Disabilities			
South Alberta Board (Note 7)	$ 2,048	$ 1,948	$ 1,718
Transfers from deferred contributions (Note 7)	198	316	198
Fair value of rent less rent charges for non-acute care facilities used by the Authority	299	300	298
	$ 2,545	$ 2,564	$ 2,214

Note 16 Ancillary Operations

	2002						2001
	Non-Patient Food Services Operations	Laundry Operations	Parking Operations	Other Operations	Total	Budget	Total
Revenues							
Revenues	$ 878	$ 80	$ 360	$ 227	$ 1,545	$ 1,467	$ 1,538
Amortization of deferred capital contributions	-	1	4	-	$ 5	-	2
	878	81	364	227	1,550	1,467	1,540
Expenses							
Other expenses	791	80	52	229	$ 1,152	1,011	923
Amortization	2	1	46	-	49	43	46
	793	81	98	229	1,201	1,054	969
Excess of revenues over expenses 2001-2002	$ 85	$ -	$ 266	$ (2)	$ 349	$ 413	$ 571
Excess of revenues over expenses 2000-2001	$ 174	$ -	$ 280	$ 117	$ 571		

Note 17 Investment and Other Income

	Budget	2002	2001
Investment Income Earned			
Unrestricted resources	$ 1,708	$ 1,454	$ 1,835
Restricted resources for capital assets	-	24	93
Restricted resources for special purpose programs	-	247	156
Resources held for endowment	-	5	8
	1,708	1,730	2,092
Other Income			
Transfers from deferred contributions (Note 7)	-	1,179	688
Other	3,662	1,721	2,871
	5,370	4,630	5,651
Less amounts deferred:			
Restricted for capital asset acquisition (Note 8)	-	(24)	(93)
Restricted for special purpose programs (Note 7)	-	(247)	(156)
	$ 5,370	$ 4,359	$ 5,402

Note 17 Investment and Other Income (continued)

Investment income is comprised of interest and dividends.

Other income is comprised of recoveries from sources external to the Health Authority for compensation, material and supplies.

Note 18 Administration

	Budget	2002	2001
General administration	$ 4,909	$ 5,577	$ 4,791
Finance	1,437	1,366	1,190
Personnel	1,849	1,604	1,431
Administration - contract operators	1,753	1,755	1,519
	$ 9,948	$ 10,302	$ 8,931

Note 19 Information Technology and We net

	Budget	2002	2001
Alberta We net	$ -	$ -	$ 712
Information systems	3,871	4,151	2,632
Information systems - contract operators	-	101	-
	$ 3,871	$ 4,252	$ 3,344

Alberta We net is the province-wide, strategic initiative to build a health information network. The initiative brings together a broad spectrum of health professionals into multi-disciplinary teams to put information technology to work to improve health service delivery to all Albertans.

The Authority's contribution has been applied towards activities that will produce clinical and administrative deliverables or to develop application to support We net initiatives. In accordance with Generally Accepted Accounting Principles, contributions aggregating $nil (2001-$712) have been expensed.

In the year 2002 We net became a Provincial project, therefore, no contributions have been recorded in the Authority's Financial Statements.

Note 20 Support Services

	Budget	2002	2001
Building maintenance, operations and security	$ 10,789	$ 10,473	$ 9,610
Communications	594	472	397
Education	531	647	528
Housekeeping	3,676	3,704	3,227
Laundry and linen	1,242	1,269	1,118
Materials management	3,621	3,441	2,855
Patient food services	6,477	6,470	5,535
Patient health records	2,344	2,308	2,050
Patient registration	1,197	1,215	1,007
Patient transportation	1,205	1,593	1,480
Volunteer services	235	292	229
Support-contract operators	5,939	6,712	5,837
	$ 37,850	$ 38,596	$ 33,873

Note 21 Changes in Non-Cash Working Capital Accounts

	2002	2001
Accounts receivable	$ (2,943)	$ (350)
Inventories	(154)	(173)
Prepaid expenses	179	(166)
Accounts payable	3,417	(732)
Accrued vacation pay	1,260	551
Current portion of deferred contributions	543	664
	$ 2,302	$ (206)
Reflected in the Statement of Cash Flows as:		
Operating activities	$ 4,626	$ 1,960
Financing activities	(2,324)	(2,166)
	$ 2,302	$ (206)

Note 22 Related Parties

(a) Provincial Government

The Authority operates under the authority of the Province of Alberta. Two thirds of the members of the Authority are elected. The Minister of Health and Wellness appoints the remaining members. Transactions between the Authority and the Province of Alberta are described in notes 4, 6, 7, 8, 13, 14, 15, and 19 to the financial statements.

(b) Health Authorities

The Authority shares a common relationship with other health authorities by way of its relationship with the Province of Alberta. The program and funding amounting to $83 for the "Health Innovation: Facilitating the Integration of Registered Midwives as New Health Care Practitioners" was transferred to the Headwaters Health Authority during the fiscal year (Note 7).

(c) Foundations

The Authority exercises control over the following Foundations by virtue of its ability to appoint a majority of the voting members of the Boards of Directors. These Foundations were established under the Regional Health Authorities Act and are registered charities under the Income Tax Act.

The controlled Foundations are not consolidated in these financial statements.

(i) Crowsnest Pass Health Foundation (established August 28, 1996)

	2002	2001
Total assets	$ 78	$ 126
Total liabilities	(9)	(29)
Net assets	$ 69	$ 97
Revenue	$ 101	$ 133
Expenses	(129)	(129)
Excess (deficiency) of revenue over expenses	$ (28)	$ 4

The resources of the Foundation amounting to $34 have been restricted by the donors for the exclusive use of Crowsnest Pass Health Care Facility.

The financial statements for the Crowsnest Pass Health Foundation are prepared using the Restricted Fund method.

Note 22 Related Parties (continued)

(ii) Cardston and District Health Foundation (established August 28, 1996)

	2002	2001
Total assets	$ 18	$ 29
Total liabilities	-	(5)
Net assets	$ 18	$ 24
Revenue	$ 41	$ 50
Expenses	(47)	(76)
Deficiency of revenue over expenses	$ (6)	$ (26)

The resources of the Foundation amounting to $6 have been restricted by the donors for the exclusive use of Cardston Health Care Facility.

The financial statements for the Cardston and District Health Foundation are prepared using the Restricted Fund method.

(iii) North County Health Foundation (established October 16, 1997)

	2002	2001
Total assets	$ 21	$ 24
Total liabilities	-	-
Net assets	$ 21	$ 24
Revenue	$ 42	$ 49
Expenses	(46)	(95)
Deficiency of revenue over expenses	$ (4)	$ (46)

The resources of the Foundation amounting to $3 have been restricted by the donors for the exclusive use of Picture Butte Health Care Facility.

The financial statements for the North County Health Foundation are prepared using the Restricted Fund method.

Note 22 Related Parties (continued)

(iv) Fort Macleod and District Health Foundation (established April 21, 1998)

	2002	2001
Total assets	$ 13	$ 39
Total liabilities	-	(15)
Net assets	$ 13	$ 24
Revenue	$ 51	$ 69
Expenses	(62)	(67)
Excess (deficiency) of revenue over expenses	$ (11)	$ 2

The resources of the Foundation amounting to $5 have been restricted by the donors for the exclusive use of Fort Macleod Health Care Facility.

The financial statements for the Fort Macleod and District Health Foundation are prepared using the Restricted Fund method.

(v) Windy Slopes Health Foundation (established April 28, 1998)

	2002	2001
Total assets	$ 21	$ 34
Total liabilities	(1)	(8)
Net assets	$ 20	$ 26
Revenue	$ 63	$ 51
Expenses	(69)	(45)
Excess (deficiency) of revenue over expenses	$ (6)	$ 6

The resources of the Foundation amounting to $10 have been restricted by the donors for the exclusive use of Pincher Creek Health Care Facility.

The financial statements for the Windy Slopes Health Foundation are prepared using the Restricted Fund method.

Note 22 Related Parties (continued)

	Contributions Received by Health Authority		Resources held by Foundation	
	Year ended March 31		At March 31, 2002	
	2002	2001	Externally Restricted	Unrestricted
Crowsnest Pass Health Foundation	$ 95	$ 100	$ 34	$ 35
Cardston and District Health Foundation	25	43	6	12
North County Health Foundation	20	74	3	18
Fort Macleod and District Health Foundation	34	31	5	8
Windy Slopes Health Foundation	40	22	9	11
	$ 214	$ 270	$ 57	$ 84

Note 22 Related Parties (continued)

(d) Other Foundations

The Authority has an economic interest in the Lethbridge Regional Hospital Foundation and the Taber and District Health Foundation by virtue of its representation on the Board of Directors. The Foundations were established to raise funds for use in the respective community. The Foundations were continued under the Regional Health Authorities Act and are registered charities under the income Tax Act. Financial information for these foundations is as follows:

	Contributions Received by Health Authority		Resources held by Foundation	
	Year ended March 31,		At March 31, 2002	
	2002	2001	Externally Restricted	Unrestricted
Lethbridge Regional Hospital Foundation	$ 682	$ 359	$ 4,212	$ 110
Taber and District Health Foundation	130	70	420	168
	$ 812	$ 429	$ 4,632	$ 278

Contributions include externally restricted amounts for equipment, programs, research, and education for the specific communities supported by the Foundations.

Note 22 Related Parties (continued)

The value of administrative support provided to Foundations, and the accounts receivable from the Foundations at year end are as follows:

	Administrative Support		Accounts Receivable	
	Year ended March 31,		As at March 31,	
	2002	2001	2002	2001
Controlled Foundations:				
Crowsnest Pass Health Foundation	$ 19	$ 21	$ 8	$ 29
Cardston and District Health Foundation	19	20	-	5
North County Health Foundation	19	21	-	-
Fort Macleod and District Health Foundation	19	20	-	14
Windy Slopes Health Foundation	19	21	1	8
Other Foundations:				
Lethbridge Regional Hospital Foundation	180	178	96	79
Taber and District Health Foundation	19	21	-	34
	$ 294	$ 302	$ 105	$ 169

(e) Society of Friends of the Lethbridge Regional Hospital (the "Society")

The Authority significantly influences the Society through its provision of administrative and financial services and by representation on the Board. The Society is incorporated under the Societies Act of Alberta and operates the gift shop, telephone and television rentals, and other various fund-raising activities. All funds earned are used to support the activities of the Lethbridge Regional Hospital Site of the Authority by transferring funds through the Lethbridge Regional Hospital Foundation.

As at March 31, 2002, $40 (2001 - $133) was due to the Authority for net inter-entity transactions.

Note 22 Related Parties (continued)

(f) Voluntary and Private Health Service Operators

The Authority contracts with voluntary and private health service operators to provide health services in the Region. The health service operators and the amount of the contracted health services for the year are as follows:

	2002				2001
	Direct Authority Funding	Direct Alberta Health Funding	Approved Patient Fees and Charges	Total	Total
Voluntary					
St. Michael's Health Centre	$ 9,481	$ -	$ 2,155	$ 11,636	$ 9,939
Coaldale Health Care Centre	4,007	-	487	4,494	3,518
Victorian Order of Nurses	88	-	44	132	132
Private					
Edith Cavell Nursing Home	4,533	-	1,285	5,818	4,420
Extendicare - Lethbridge	4,393	-	1,131	5,524	4,903
Extendicare - Fort Macleod	1,819	180	499	2,498	2,248
	$ 24,321	$ 180	$ 5,601	$ 30,102	$ 25,160
Reporting in the following expense categories:					
Facility-based inpatient acute services				$ 748	$ 699
Facility-based emergency and outpatient services				589	422
Facility-based continuing care services				17,334	14,661
Community and home based services				739	229
Diagnostic and therapeutic services				2,124	1,793
Administration				1,755	1,519
Information Technology and Wellnet				101	-
Support services				6,712	5,837
				$ 30,102	$ 25,160

The Authority has an economic interest in the above organizations.

Note 23 Pension Costs

The Authority participates in the Local Authorities Pension Plan which is a multi-employer defined benefit plan. The pension expense recorded in these financial statements is equivalent to the Authority's annual contributions payable of $4,046 for the year ended March 31, 2002 (2001 - $3,474).

At December 31, 2001, the Local Authorities Pension Plan reported a surplus of $634,960 (2000 - $883,823).

Note 24 Physician Payments

The cost of physician fees paid by Alberta Health and Wellness for services rendered to the residents of the Chinook Health Region amounted to $57,830 (2001 - $53,151). These amounts are not reflected in the financial statements.

Note 25 Commitments

The Authority is committed to future capital upgrade projects in the amount of $4,176.

The Authority has in place an exclusive supply agreement with Producers Marketing Ltd., which expires November 1, 2003. Pursuant to the agreement, Producers Marketing Ltd. is the exclusive supplier to the Authority of natural gas, at the Lethbridge Regional Hospital, for 1000 gigajoules per day from April 1 to October 31 and 1250 gigajoules per day from November 1 to March 31.

The Authority has entered into various commitments for the purchase of consumables, reagents and chemicals. The commitments expire at various dates to March, 2006.

Note 26 Comparative Figures

Certain 2001 figures have been reclassified to conform to the 2002 presentation.

Note 27 Approval of Financial Statements

These financial statements have been approved by the Authority.

CHINOOK REGIONAL HEALTH AUTHORITY
SCHEDULE OF SALARIES, HONORARIA, BENEFITS, ALLOWANCES AND SEVERANCE
FOR THE YEAR ENDED MARCH 31, 2002

(thousands of dollars)

Schedule 2

		2002								2001				
							Severance (4)							
		Average	Number of Individuals (1)	Salaries and Honoraria (2)	Benefits and Allowances (3)	Sub-total	Number of Individuals	Amount	Total	Average	Number of Individuals (1)	Salaries, Benefits, Honoraria (2)	Severance (4)	Total
Authority/Member Compensation														
Chairperson	Ady, Jack		1	$ 11	$ -	$ 11	-	$ -	$ 11		-	$ -	$ -	$ -
	Eden, Frank		-	12	-	12	-	-	12		1	25	-	25
Members	Bennett, Michael		-	2	-	2	-	-	2		1	10	-	10
	Bergen, Peter		-	3	-	3	-	-	3		1	8	-	8
	Bianchini, Aldo		-	6	-	6	-	-	6		1	8	-	8
	Bier, Donna		1	7	-	7	-	-	7		-	-	-	-
	Bishoff, Phyllis		1	5	-	5	-	-	5		-	-	-	-
	Burnham, Richard C		-	4	-	4	-	-	4		1	10	-	10
	Elzinga, Ruth		-	3	-	3	-	-	3		1	5	-	5
	Farr, James		1	6	-	6	-	-	6		-	-	-	-
	Kelly, Inez		1	5	-	5	-	-	5		-	-	-	-
	Klassen, Stanley C		1	8	-	8	-	-	8		1	7	-	7
	Lowry, David		-	3	-	3	-	-	3		1	8	-	8
	Marra, Sam		1	11	-	11	-	-	11		1	5	-	5
	Olsen, Thane		1	13	-	13	-	-	13		1	10	-	10
	Paterson, Beverley		1	12	-	12	-	-	12		1	12	-	12
	Reese, Hovey		-	2	-	2	-	-	2		1	7	-	7
	Reti, Roy		1	5	-	5	-	-	5		-	-	-	-
	Sanford, Arthur		1	5	-	5	-	-	5		-	-	-	-
	Schindeler, Douglas J		1	9	-	9	-	-	9		1	5	-	5
	Williams, Richard		-	5	-	5	-	-	5		1	11	-	11
Total honoraria			12	137	-	137	-	-	137		14	131	-	131
Staff Compensation														
Chief Executive Officer			1	223	55	278	-	-	278		1	257	-	257
Management reporting to CEO:														
VP Medical Services			1	252	-	252	-	-	252		1	219	-	219
VP Community Health			1	195	16	211	-	-	211		1	208	-	208
VP Regional Programs			1	150	31	181	-	-	181		1	150	-	150
VP Finance & Administration			1	124	20	144	-	-	144		1	134	-	134
VP Support Services			1	113	21	134	-	-	134		1	127	-	127
Director of Foundations and Fund Raising			1	96	17	113	-	-	113		1	105	-	105
Director of Human Resources			1	95	13	108	-	-	108		1	104	-	104
Management reporting to above		$ 103	33	2,875	527	3,402	2	299	3,701	$ 91	30	2,748	-	2,748
Other management		83	94	6,618	1,167	7,785	-	-	7,785	73	91	6,654	74	6,728
Medical doctors (not included above)		56	39	2,123	77	2,200	-	-	2,200	44	37	1,632	-	1,632
Regulated Nurses (not included above)		65	892	48,777	8,943	57,720	-	-	57,720	58	835	48,640	-	48,640
Other health technical and professionals		66	337	18,859	3,245	22,104	-	-	22,104	61	327	20,066	3	20,069
Unregulated health service providers		32	176	4,811	799	5,610	-	-	5,610	30	178	5,306	-	5,306
Other staff		37	788	25,217	4,310	29,527	1	1	29,528	33	757	25,015	14	25,029
Total Staff Compensation			2,367	110,528	19,241	129,769	3	300	130,069		2,263	111,365	91	111,456
Total			2,379	$ 110,665	$ 19,241	$ 129,906	3	$ 300	$ 130,206		2,277	$ 111,496	$ 91	$ 111,587

CHINOOK REGIONAL HEALTH AUTHORITY
SCHEDULE OF EXPENSES BY OBJECT
FOR YEAR ENDED MARCH 31, 2002

(thousands of dollars)

Schedule 1

	Budget	2002	2001
Salaries, benefits, allowances and severance (Schedule 2)	$ 130,848	$ 130,206	$ 111,587
Contracts with health service operators (Note 22(f))	29,046	30,102	25,160
Drugs, gases, medical and surgical supplies	9,162	9,680	9,114
Other contracted services	13,121	15,030	8,683
Interest on long term debt	65	43	33
Other	29,204	29,759	29,214
Amortization and gain loss on disposal:			
Capital equipment - internally funded	2,746	2,360	1,648
Capital equipment - externally funded	2,170	2,593	1,719
Facilities and improvements	6,924	7,390	6,718
	223,286	227,163	193,876
Less amounts reported in ancillary operations (Note 16)	(1,054)	(1,201)	(969)
	$ 222,232	$ 225,962	$ 192,907

Schedule 2 (continued)

SCHEDULE OF SALARIES, BENEFITS, ALLOWANCES AND SEVERANCE
FOR THE YEAR ENDED MARCH 31, 2002

1) The average number of individuals is calculated based on a total worked and benefit hour, excluding overtime, for a classification divided by the number of hours in a standard work year, except for named individuals. The number of hours in a standard work year, by classification, is as follows;

Category	Number of Hours	
	Hospital	Community
Other management	2,023	2,023
Medical doctors	2,023	-
Regulated nurses	1,920	2,023 and 1,920
Other health technical and professionals	2,023	1,827
Unregulated health service providers	2,023	1,827
Other staff	2,023 and 2,088	2,023 and 1,827

Total actual discrete number of individuals employed March 31, 2002 was 3,503 (2001 – 3,137).

2) Salaries include regular base pay, overtime, lump sum payments, honoraria, and any other direct cash remuneration including sick leave, short-term disability and vacation.

3) Benefits and Allowances include the employers share of all employee benefits and contributions or payments paid or payable on behalf of employees including pension, health care, dental and vision coverage, out-of-country medical benefits, group life insurance, accidental death and dismemberment, long-term and short-term disability plans, Canada Pension Plan, unemployment insurance, workers compensation, car benefits and allowance, professional membership and recruitment and relocation expenses.

4) Severance includes all monies paid directly or on behalf of an employee upon termination that do not relate to salaries and benefits. The number of individuals receiving severances disclosed in the schedule is the discrete number of individuals.

5) Average salary and benefits amounts exclude severance payments.

6) During the 2001/2002 fiscal year the Health Authority members and Chairperson changed to include elected members.

Schedule 3

CHINOOK REGIONAL HEALTH AUTHORITY
THREE YEAR SUMMARY OF REVENUE AND EXPENSES
(thousands of dollars)

	Actual			Pro-forma		
	2002	2001	2000	2002	2001	2000
Revenue						
Alberta Health and Wellness contributions	$ 194,970	$ 168,108	$ 152,248	$ 194,970	$ 169,401	$ 153,291
Other government contributions	2,564	2,214	2,222	2,564	2,214	2,222
Fees and charges	13,540	12,842	12,660	13,540	12,842	12,660
Ancillary operations, net	349	571	498	349	571	498
Donations	266	280	313	266	280	313
Investment and other income	4,359	5,402	3,241	4,359	5,402	3,241
Amortization of external capital contributions	9,774	8,305	7,427	9,774	8,305	7,427
TOTAL REVENUE	$ 225,822	$ 197,722	$ 178,609	$ 225,822	$ 199,015	$ 179,652
Expenses						
Facility based inpatient acute services	57,268	47,327	43,599	57,268	47,327	43,599
Facility based emergency and outpatient services	13,560	10,796	9,406	13,560	12,089	10,449
Facility based continuing care services	31,512	27,599	25,240	30,773	27,599	25,240
Community and home based services	14,829	11,937	9,426	15,568	11,937	9,426
Diagnostic and therapeutic services	39,470	35,184	32,038	39,470	35,184	32,038
Promotion, prevention and protection services	8,828	7,178	5,838	8,828	7,178	5,838
Administration	10,302	8,931	8,015	10,302	8,931	8,015
Information technology and we, net	4,252	3,344	3,144	4,252	3,344	3,144
Y2K remedial costs		20	637	-	20	637
Support services	38,596	33,873	31,772	38,596	33,873	31,772
Amortization of facilities and improvements	7,345	6,718	5,912	7,345	6,718	5,912
TOTAL EXPENSES	225,962	192,907	175,027	225,962	194,200	176,070
Excess (deficiency) of revenue over expenses	$ (140)	$ 4,815	$ 3,582	$ (140)	$ 4,815	$ 3,582

	Revenues			Expenses		
	2002	2001	2000	2002	2001	2000
Actual amounts	$ 224,516	$ 197,722	$ 178,609	$ 224,656	$ 192,907	$ 175,027
Rural On-call [1]	1,306	1,293	1,043	-	-	-
Payments by Alberta Health and Wellness Facility based emergency and outpatient services [1]	-	-	-	1,306	1,293	1,043
	$ 225,822	$ 199,015	$ 179,652	$ 225,962	$ 194,200	$ 176,070

[1] Responsibility for this program was transferred to the Authority on April 1, 2001. Amounts reported are for 12 months in 2001-2002. In order to disclose the costs of health services provided in the region, transactions incurred by Alberta Health and Wellness for the program transferred have been combined with the transactions of the Authority and reported as pro-forma operations.

Palliser
#2

Financial Statements of

PALLISER HEALTH REGION

March 31, 2002

Statement of Management Responsibility
Auditors' Report
Statement of Financial Position
Statement of Operations
Statement of Changes in Net Assets
Statement of Cash Flows
Notes to the Financial Statements
Schedule 1 - Schedule of Expenses by Object
Schedule 2 - Schedule of Salaries, Honoraria, Benefits, Allowances and Severance
Schedule 3 - Three Year Summary of Revenue and Expenses

PALLISER HEALTH REGION
Statement of Management's Responsibility for Financial Reporting
Financial Statements
March 31, 2002

The accompanying financial statements are the responsibility of management and have been approved by the Region. The financial statements were prepared in accordance with Canadian Generally Accepted Accounting Principles and the Financial Directives issued by Alberta Health and Wellness, and of necessity include some amounts that are based on estimates and judgments.

To discharge its responsibility for the integrity and objectivity of financial reporting, management maintains a system of internal accounting controls comprising written policies, standards and procedures, a formal authorization structure, and satisfactory processes for reviewing internal controls. This system is designed to provide management with reasonable assurance that transactions are in accordance with governing legislation, are properly authorized, reliable financial records are maintained and assets are adequately accounted for and safeguarded. The Region has also established a code of ethics and corporate directives, which require communication of the code to employees.

The Region's board members carry out their responsibility for the financial statements through the Corporate Services Committee. This Committee meets with management and the external auditors, Johnston Morrison Hunter & Co. LLP to discuss and review financial matters, and recommends the financial statements to the Palliser Health Region Board for approval. The external auditors have full and free access to the Corporate Services Committee.

The external auditors provide an independent audit of the financial statements. Their examination is conducted in accordance with Canadian Generally Accepted Auditing Standards and includes tests and other procedures, which allow them to report on the fairness of the financial statements prepared by management.

TH Seaman

Tom Seaman
President

Richard Van Orman
Vice President, Corporate/Support Services

Johnston Morrison Hunter & Co. LLP
Chartered Accountants

AUDITORS' REPORT

TO THE MEMBERS OF THE PALLISER HEALTH REGION AND THE MINISTER OF ALBERTA HEALTH AND WELLNESS.

We have audited the statement of financial position of the **Palliser Health Region** as at March 31, 2002 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Region's management. Our responsibility is to express an opinion on the financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Palliser Health Region as at March 31, 2002 and the results of operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Johnston Morrison Hunter & Co. LLP
CHARTERED ACCOUNTANTS

MEDICINE HAT, ALBERTA
MAY 17, 2002

PALLISER HEALTH REGION
Statement of Financial Position
March 31, 2002
(thousands of dollars)

	2002	2001
Assets		
Current assets:		
Cash and short-term investments (note 3)	$10,059	$12,855
Accounts receivable	1,981	1,592
Contributions receivable	2,199	1,687
Inventories	735	755
Prepaid expenses	332	275
	15,306	17,164
Non-current investments (note 4)	21,849	19,359
Non-current loan - continuing care partnership (note 5)	6,958	-
Capital assets (note 6)	74,509	75,388
	$118,622	$111,911
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accruals	$9,841	$7,496
Accrued vacation pay	5,066	4,637
Deferred contributions (note 7)	4,482	6,377
	19,389	18,510
Deferred contributions - continuing care partnership (note 5)	6,958	-
Unamortized external capital contributions (note 8)	70,063	69,783
Net assets:		
Unrestricted (note 9)	2,641	3,184
Internally restricted (note 9)	15,125	14,829
Invested in capital assets	4,446	5,605
	22,212	23,618
	$118,622	$111,911

The accompanying notes and schedules are part of these financial statements.

PALLISER HEALTH REGION
Statement of Operations
Year ended March 31, 2002
(thousands of dollars)

	Budget	2002 Actual	2001 Actual
	(unaudited - note 10)		
Revenue:			
Alberta Health and Wellness contributions (note 1	*$106,617*	$106,617	$91,926
Other government contributions (note 12)	*2,687*	3,954	2,909
Fees and charges	*10,544*	10,602	10,144
Ancillary operations, net (note 13)	*118*	251	221
Donations	*300*	185	264
Investment and other income (note 14)	*2,257*	2,359	2,450
Amortization of external capital contributions (not	*3,965*	4,809	3,965
	126,488	128,777	111,879
Expenses (schedule 1):			
Facility-based inpatient acute services	*33,155*	32,259	26,565
Facility-based emergency and outpatient services	*5,961*	6,115	4,797
Facility-based continuing care services	*16,666*	17,935	16,759
Community and home based services	*11,004*	10,183	6,819
Diagnostic and therapeutic services	*22,246*	22,266	19,283
Promotion, prevention and protection services	*3,747*	3,842	2,933
Administration (note 15)	*5,457*	5,273	5,065
Information technology and We net (note 16)	*2,239*	2,214	2,886
Support services (note 17)	*24,718*	26,925	22,573
Amortization of facilities and improvements	*3,203*	3,171	3,203
	128,396	130,183	110,883
Excess (deficiency) of revenue over expenses	*($1,908)*	($1,406)	$996
		A	B

Footnote A - Deficiency of Revenue over Expenses for 2002 of ($1,406)
The deficiency of revenue over expenses is principally a result of one-time renovation projects and a computer network upgrade that were completed in 2002 from funds reserved in previous years.

Footnote B - Excess of Revenue over Expenses for 2001 of $996
The excess of revenue over expenses is principally a result of unanticipated delays in the commencement of the new Geriatric Assessment Program and the additional Southridge Village continuing care beds.

PALLISER HEALTH REGION
Statement of Changes in Net Assets
Year ended March 31, 2002
(thousands of dollars)

	Unrestricted	Internally Restricted	Invested in Capital Assets	2002 Total	2001 Total
	(Note 9)	(Note 9)			
Excess (deficiency) of revenue over expen	($1,406)			($1,406)	$996
Capital assets purchased with internal funds (net of disposals)	(58)		58	-	-
Amortization on internally funded capital assets	1,217		(1,217)	-	-
Net change	(247)	-	(1,159)	(1,406)	996
Transfer to / from Internally Restricted	(296)	296		-	-
Net assets, beginning of year	3,184	14,829	5,605	23,618	22,622
Net assets, end of year	$2,641	$15,125	$4,446	$22,212	$23,618

PALLISER HEALTH REGION
Statement of Cash Flows
Year ended March 31, 2002
(thousands of dollars)

	Budget	2002 Actual	2001 Actual
	(unaudited - note 10)		
Cash generated from (used by):			
Operating activities:			
Excess (deficiency) of revenue over expenses	*($1,908)*	($1,406)	$996
Non cash transactions:			
Amortization of capital equipment - internally fun	*1,661*	1,217	1,433
Amortization of capital equipment - externally fur	*762*	1,496	762
Amortization of facilities and improvements	*3,232*	3,200	3,232
Amortization of continuing care partnership loan		142	-
Amortization of external capital contributions (not	*(3,994)*	(4,838)	(3,994)
Change in non-cash working capital		(59)	5,600
	(247)	(248)	8,029
Investing activities:			
Purchase of capital assets:			
Internally funded - equipment	*(2,490)*	(58)	(1,499)
Externally funded - equipment	*(5,353)*	(5,041)	(2,371)
Externally funded - facilities and improvements	*(4,000)*	65	(1,573)
Continuing care partnership loan		(7,100)	-
Purchase of non-current investments	*(6,000)*	(6,143)	(5,505)
Proceeds on sale of non-current investments		3,653	489
	(17,843)	(14,624)	(10,459)
Financing activities:			
Capital contributions received	*9,353*	12,076	3,944
	9,353	12,076	3,944
Increase (decrease) in cash and short-term investments	*(8,737)*	(2,796)	1,514
Cash and short-term investments, beginning of year	*12,855*	12,855	11,341
Cash and short-term investments, end of year	*$4,118*	$10,059	$12,855

PALLISER HEALTH REGION
Notes to the Financial Statements
March 31, 2002
(thousands of dollars)

1. Authority, Purpose and Operations

The Palliser Health Region ("the Region") was established on June 24, 1994 under the authority of the Regional Health Authority Act, Chapter R-9.07, Statutes of Alberta 1994. The Region is exempt from the payment of income tax and is a registered charity under the Income Tax Act.

The Region is responsible for the delivery of appropriate, accessible and affordable health services in south-eastern Alberta ("the Region"). This responsibility includes operating programs designed to promote, protect, maintain, restore and enhance physical and mental well-being.

The operations of the Region include the following facilities and sites:

Alfred Egan Home (Bow Island)
Bassano Health Centre
Bow Island Health Centre
Bow Island Community Health Office
Brooks Health Centre
Brooks Home Care Office
Empress Health Centre
Medicine Hat Regional Hospital
Medicine Hat Community Health Office - Dunmore Road
Oyen Big Country Hospital and Health Office

These financial statements do not include the assets, liabilities and operations of voluntary or private facilities providing health services in the Region, except to the extent disclosed in Note 20.

2. Significant Accounting Policies and Reporting Practices

The financial statements have been prepared in accordance with Canadian Generally Accepted Accounting Principles and the reporting requirements of Financial Directive 19 issued by Alberta Health and Wellness. The following are the significant accounting policies:

a) Revenue Recognition

(i) Unrestricted Non-Capital Contributions

Unrestricted operating grants and other contributions are recognized as revenue in the year when receivable.

(ii) Restricted Non-Capital Contributions

Externally restricted non-capital contributions are recognized as revenue in the year when the related expenses are incurred.

(iii) Restricted Contributions – Continuing Care Partnerships

Externally restricted contributions received for the construction of continuing care facilities in the Region operated by voluntary private health service contract operators are recorded as Deferred Contributions – Continuing Care Partnership.

Deferred Contributions – Continuing Care Partnership are recognized as revenue in the periods in which the related amortization expense of the funded non-current loan – continuing care partnership is recorded.

PALLISER HEALTH REGION
Notes to the Financial Statements
March 31, 2002
(thousands of dollars)

2. **Significant Accounting Policies and Reporting Practices (continued)**

(iv) Restricted Capital Contributions

Externally restricted capital contributions are recorded as Deferred Contributions until the contribution is invested in capital assets. Amounts invested, representing externally funded capital assets, are then transferred to Unamortized External Capital Contributions.

Unamortized External Capital Contributions are recognized as revenue in the periods in which the related amortization expense of the funded capital asset is recorded.

Externally restricted capital contributions for the purchase of land are recorded as direct increases to Investment in Capital Assets.

Investment income subject to external restrictions is deferred and recognized as revenue in the year the related expenses are incurred.

(iv) Asset and Service Contributions

Donations and contributions in kind are recorded at fair value when such value can reasonably be determined.

Volunteers contribute a significant amount of time each year to assist the Region in carrying out its programs and services. Because of the difficulty of determining their fair value, contributed services of volunteers are not reported in these financial statements.

b) Services Contracted from Voluntary and Private Health Operators

The Region accounts for all revenues and costs related to services carried out for which it is responsible.

The Region contracts with voluntary and private operators to provide health services in the region. Where funding for such services is paid directly to the voluntary or private agency by Alberta Health and Wellness, the amount of such funding is reflected as Alberta Health and Wellness contributions and an equivalent amount is recorded as contracted health service expense of the Region.

Revenue earned by contracted health service operators from Ministry of Health and Wellness designated fees and charges are recorded as fees and charges of the Region. An equivalent amount is recorded as contracted health service expense of the Region.

c) Employee Future Benefits

The Region participates in the Local Authorities Pension Plan. This is a multi-employer defined benefit pension plan that provides pensions for the Region's participating employees, based on years of service and earnings. Defined contribution plan accounting is applied to a multi-employer defined benefit plan for which the Region has insufficient information to apply defined benefit plan accounting.

Pension costs included in these financial statements comprise the amount of employer contributions required for its employees during the year, based on rates which are expected to provide for benefits payable under the pension plans. The Region's portion of the pension plan's deficit or surplus is not recorded by the Region.

The Region fully accrues its obligations for employee non-pension future benefits.

PALLISER HEALTH REGION
Notes to the Financial Statements
March 31, 2002
(thousands of dollars)

2. **Significant Accounting Policies and Reporting Practices (continued)**

d) Investments

Short-term investments are recorded at the lower of cost and market value.

Non-current investments are recorded at cost unless there has been a permanent reduction in value. At that time the value is reduced. Any discounts or premiums arising on purchase are amortized using the straight-line method over the period to maturity. Gains or losses realized on disposal are recognized in the period of disposal.

e) Financial Instruments

The carrying value of accounts receivable, accounts payable and accrued liabilities approximates their fair value because of the short-term maturity of these items.

f) Inventories

Inventories are valued at the lower of cost or net realizable value, with cost determined by the average cost method. Inventories are expensed when issued to the end user department.

g) Capital Assets

Capital assets and construction projects in progress are recorded at cost. Capital assets with unit costs less than five thousand dollars are expensed.

Capital assets are amortized over their estimated useful lives on a straight-line basis as follows:

	Useful Life
Buildings	40 years
Land improvements	20 years
Building service equipment	20 years
Vehicles and equipment	5-20 years

Construction projects in progress are not amortized until the project is complete.

h) Restructuring Costs

Restructuring costs are expensed in the period the decision to restructure is made. If actual costs are unknown at the time of the decision, an estimate is recorded.

i) Use of Estimates and Assumptions

The financial statements by their nature, contain estimates and are subject to measurement uncertainty. The amounts recorded for amortization of capital assets and amortization of external capital contributions are based on estimates of the useful life of related assets. Actual results could differ from these estimates. Also, the Region is currently included in the Goods and Services (GST) free list of Alberta Government entities and therefore does not record or pay GST on purchased supplies and services. This situation could change in future if the Region ceases to be part of the GST free list of Alberta Government.

3. Cash and Short-Term Investments

	2002	2001
Cash	$ 6,047	$ 9,990
Bonds	3,584	2,489
Interest receivable	428	376
	$ 10,059	$ 12,855

Cash has an effective yield related to prime interest rate. Bonds have effective yields of 5.35% to 6.77% (2001 – 5.75% to 6.63%).

Cash and short-term investments have a market value approximately equal to their cost. Valuation of bonds has been obtained from independent brokerage firms.

4. Non-Current Investments

The Region pools its investment funds with Health Foundations within the Region. The investments are held in the Region's name and consist of the following:

	2002	2001
Bonds	$ 25,597	$ 22,834
Less Health Foundations' funds	(3,748)	(3,475)
	$ 21,849	$ 19,359

Bonds have effective yields of 4.64% to 11.30% (2001 – 5.10% to 11.30%).

Total pooled funds have a market value of $191 greater than book value (2001 - $523 greater than book value). Valuation of bonds has been obtained from independent brokerage firms.

At the fiscal year end, the investments have the following maturity structure:

	2002	2001
1 to 5 years	30%	42%
6 to 10 years	46%	51%
11 to 15 years	24%	7%
	100%	100%

5. Non-Current Loan – Continuing Care Partnership

Funding received from Alberta Infrastructure and advanced for the construction of continuing care facilities in the Region, operated by voluntary private health service contract operators, is recorded as a non-current loan.
The Region uses the Forgivable Mortgage Model for reporting the contribution and advancement of funds. Under this model, the Region finances the capital construction costs and extends a loan, which is repayable on demand, is secured by the facility and is forgivable for services rendered by the owner over the 25 year life of the facility. The funding received is recorded as deferred contributions – continuing care partnership and a portion is included in revenue with an offsetting expense in accordance with the accounting policies for restricted contributions described in Note 2 (a) (iii).

During 2002, funding of $7.1 million was received from Alberta Infrastructure and advanced to the Good Samaritan Society for the construction of the 80 bed Southridge Village Project as follows:

	2002	2001
Continuing care partnership, beginning of year	$ 0	$ 0
Advances to the Good Samaritan Society	7,100	
Amounts recognized as expense – Amortization for year	(142)	
Continuing care partnership, end of year	$ 6,958	$ 0

6. Capital Assets

			2002	2001
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	$ 852	$ -	$ 852	$ 852
Buildings	108,046	50,140	57,906	60,506
Land improvements	2,533	2,185	348	457
Building service equipment	12,929	10,025	2,904	3,247
Vehicles and equipment	20,069	9,262	10,807	8,421
Construction projects in progress	1,692	-	1,692	1,905
	$ 146,121	$ 71,612	$ 74,509	$ 75,388

Capital assets have been funded from the following sources:

	2002	2001
Externally funded (Unamortized External Capital Contributions)	$ 70,063	$ 69,783
Internally funded (Invested in Capital Assets)	4,446	5,605
	$ 74,509	$ 75,388

7. Deferred Contributions

Deferred contributions reflect transactions accounted for in accordance with the accounting policies for restricted non-capital and capital contributions described in Note 2 (a) (ii), Note 2 (a) (iii) and Note 2 (a) (iv).

	2002	2001
Deferred contributions, beginning of year	$ 6,377	$ 4,437
Amounts received (net of prior year receivable):		
Alberta Health and Wellness contributions	1,022	1,445
Other government contributions	8,714	2,247
Donations	454	566
Amounts receivable:		
Alberta Health and Wellness contributions	500	1,687
Amounts recognized as revenue:		
Alberta Health and Wellness contributions	(500)	(61)
Other Government Contributions	(9)	-
Amounts transferred to:		
Deferred contributions - continuing care partnership (note 5)	(7,100)	-
Unamortized External Capital Contributions (note 8)	(4,976)	(3,944)
Deferred contributions, end of year	$ 4,482	$ 6,377

Deferred Contributions, end of year, represent amounts externally restricted for the following purposes:

	2002	2001
Continuing Care (Healthy Aging Partnership Initiative)	$ 929	$ 938
Capital / renovation projects (Alberta Infrastructure grants)	2,568	889
Equipment (High Tech, MRI and Medical Equipment funding)	-	1,764
Information Systems (We net funding)	266	630
Geriatric Assessment Unit (Health Innovation funding)	719	969
Equipment	-	1,187
	$ 4,482	$ 6,377

8. Unamortized External Capital Contributions

Unamortized external capital contributions reflect transactions accounted for in accordance with the accounting policy described in Note 2 (a) (iv). The balance at the end of year represents external capital contributions that will be recognized as revenue in future years when the related capital asset amortization expense is recorded.

	2002	2001
Unamortized external capital contributions, beginning of year	$ 69,783	$ 69,833
Amounts transferred from:		
Deferred Contributions (note 7)	4,976	3,944
Amounts recognized as revenue:		
Amortization of External Capital Contributions	(4,667)	(3,965)
Ancillary operations	(29)	(29)
Unamortized external capital contributions, end of year	$ 70,063	$ 69,783

Amortization of external capital contributions, included in revenue for the year, is as follows:

	2002	2001
Continuing Care Partnership (note 5)	$ 142	$ -
Capital Assets (above)	4,667	3,965
	$ 4,809	$ 3,965

9. Unrestricted and Internally Restricted Net Assets

The balance of unrestricted and internally restricted net assets can be analyzed as follows:

	2002	2001
Unrestricted and internally restricted net assets at regionalization – April 1, 1995	$ 13,474	$ 13,474
Changes since regionalization:		
Cumulative operating surplus	5,373	6,779
Invested in capital assets (net of amortization)	(1,081)	(2,240)
	$ 17,766	$ 18,013

	2002	2001
Unrestricted net assets	$ 2,641	$ 3,184
Internally restricted net assets (for future equipment replacement)	15,125	14,829
	$ 17,766	$ 18,013

10. Budget (unaudited)

	Approved Budget (a)	Additional Funding (b)	Adjustments (c)	Reported Budget
Revenue:				
Alberta Health and Wellness contributions	$103,640	$2,977		$106,617
Other government contributions	2,687			2,687
Fees and charges	10,544			10,544
Net ancillary operations	118			118
Donations	300			300
Investment and other income	2,257			2,257
Amortization of external capital contributior	3,965			3,965
	123,511	2,977	-	126,488
Expenses:				
Facility-based inpatient acute services	31,219	1,936		33,155
Facility-based emergency & outpatient servi	5,961	-		5,961
Facility-based continuing care services	16,666	-		16,666
Community and home based services	11,004	-		11,004
Diagnostic and therapeutic services	21,759	487		22,246
Promotion, prevention and protection servic	3,221	526		3,747
Administration	5,457	-		5,457
Information technology and Wellnet	2,239			2,239
Support services	24,690	28		24,718
Amortization of facilities and improvements	3,203			3,203
	125,419	2,977	-	128,396
Excess of revenue over expenses	($1,908)	$ -	$ -	($1,908)

(a) **Approved Budget** - The budget was approved by the Board of the Region on August 23, 2001 (as amended October 26, 2001) and approved by the Minister for Health and Wellness.

(b) **Additional Funding** - Over the course of the fiscal year, the Minister provided additional funding. These additional resources were allocated by the Board to address funding expectations.

(c) **Adjustments** - Budget figures have been reclassified, where necessary, to conform to the 2002 actuals presentation.

11. Alberta Health and Wellness Contributions

	Budget (unaudited)	2002	2001
Unrestricted and restricted contributions	*$ 105,914*	$ 105,914	$ 91,658
Transfers from deferred contributions (note 7)	*500*	500	61
Restricted contributions made directly by Alberta Health and Wellness to contract operators	*203*	203	207
	$ 106,617	$ 106,617	$ 91,926

12. Other Government Contributions

	Budget (unaudited)	2002	2001
Alberta Infrastructure - grants for non-capital renovation projects	*$ 300*	$ 1,570	$ 599
Persons with Developmental Disabilities - funding for the Alfred Egan Home residential facility	*2,387*	2,375	2,310
Transfers from deferred contributions (note 7)		9	-
	$ 2,687	$ 3,954	$ 2,909

13. Ancillary Operations

				2002	2001
	Budget (unaudited)	Non-Patient Food Services	Other Ancillary Oper-ations	Total	Total
Revenue:					
Operating revenue	*$ 1,149*	$ 709	$ 585	$,294	$ 1,173
Amortization of external capital contributions			29	29	29
Direct Expenses:					
Other expenses	*(1,000)*	(709)	(332)	(1,041)	(950)
Amortization	*(31)*	(2)	(29)	(31)	(31)
Excess of revenue over expenses	*$ 118*	($ 2)	$ 253	$ 251	$ 221

Ancillary operations consist of the sale of goods and services that are not related to the direct provision of health services. Other Ancillary Operations include rental operations (RRC building), supported independent living (Bow Island) and parking operations (Medicine Hat).

14. Investment and Other Income

	Budget (unaudited)	2002	2001
Investment income	$ *1,700*	$ 1,844	$ 1,950
Other income	*557*	515	500
	$ *2,257*	$ 2,359	$ 2,450

Investment income comprises interest, amortization of discounts and premiums and net gains on disposal of investments.

Other income comprises WCB compensation, rental income and miscellaneous recoveries.

15. Administration

	Budget (unaudited)	2002	2001
General administration	$ *2,426*	$ 2,405	$ 2,497
Finance	*1,043*	967	915
Personnel	*1,133*	1,062	910
Administration – contract operators (note 20)	*855*	839	743
	$ *5,457*	$ 5,273	$ 5,065

16. Information Technology and We//net

	Budget (unaudited)	2002	2001
Alberta We//net	$ *78*	$ -	$ 390
Information systems support	*2,161*	2,214	2,496
	$ *2,239*	$ 2,214	$ 2,886

Alberta We//net is the province wide, strategic initiative to build a health information network. The initiative brings together a broad spectrum of health professional into multi-disciplinary teams to put information technology to work to improve the delivery of health services to all Albertans.

The Region's contribution has been applied towards planning and pre-development activities that will produce clinical and administrative deliverables beginning in 2001/2002 or to develop applications to support We//net initiatives. In accordance with Canadian Generally Accepted Accounting Principles, all contributions to We//net have been expensed.

17. Support Services

	Budget (unaudited)	2002	2001
Building maintenance, operations and security	$ *6,814*	$ 9,284	$ 6,689
Education	*909*	830	727
Housekeeping	*2,824*	2,795	2,597
Laundry and linen	*1,380*	1,286	1,339
Materials management	*1,701*	1,713	1,560
Patient food services	*3,612*	3,536	3,276
Patient health records	*1,323*	1,250	1,134
Patient registration	*1,178*	1,206	966
Patient transportation	*801*	847	798
Other	*87*	88	77
Support services – contract operators (note 20)	*4,089*	4,090	3,410
	$ *24,718*	$ 26,925	$ 22,573

18. Related Party – Province of Alberta and Other Health Authorities

The Region is established under the Regional Health Authorities Act. Two thirds of the Board members of the Region are elected. The Minister of Health and Wellness appoints the remaining Board members. Transactions between the Region and the Province are disclosed in the Statement of Operations and in notes 11 and 12 to the financial statements.

The Region shares a common relationship with other health authorities by way of its relationship with the Province of Alberta. Transactions between the Region and other health authorities are conducted on normal commercial terms, are not material to the financial statements of the Region and are reported in the appropriate expense classification in the Statement of Operations.

19. Related Parties - Community Health Foundations

The Region formed six Foundations in 1996 and has the ability to appoint two of the Region's Members to each Foundation board.

The Foundations were incorporated under the Regional Health Authorities Act and are registered charities under the Income Tax Act. The Foundations primary activities are to raise funds for the improvement of health care services within their respective communities.

The Foundations are not consolidated in the financial statements of the Region.

The Region provides certain fundraising, financial services and administrative support to the Foundations. Because of the difficulty in determining its fair value, this assistance is not reported in the financial statements.

19. Related Parties - Community Health Foundations (continued)

Resources held by the Foundations at the end of the year, representing funds which must be used for specific communities, are as follows:

	Unres-tricted	Externally Restricted	2002 Total	2001 Total
Bassano & District Health Foundation	$ 24	$ 29	$ 53	$ 42
Bow Island & District Health Foundation	26	21	47	75
Brooks & District Health Foundation	209	81	290	140
Empress & District Health Foundation	10	5	15	11
Medicine Hat & District Health Foundation	2,864	428	3,292	3,158
Oyen & District Health Care Foundation	48	10	58	128
	$ 3,181	$ 574	$ 3,755	$ 3,554

Contributions received by the Region during the year, representing the purchase cost of capital and non-capital items selected by the Foundations, are as follows:

	2002	2001
Bassano & District Health Foundation	$ 19	$ 27
Bow Island & District Health Foundation	63	12
Brooks & District Health Foundation	59	188
Empress & District Health Foundation	-	14
Medicine Hat & District Health Foundation	478	561
Oyen & District Health Care Foundation	20	28
	$ 639	$ 830

20. Related Parties - Voluntary and Private Health Service Contract Operators

The Region contracts with voluntary and private health service operators to provide health services in the Region. Transactions between the Region and health service operators are conducted on normal commercial terms and the amounts of the contracted health services for the year are as follows:

Facility Name				2002	2001
	Direct Region Funding	Direct Alberta Health Funding	Approved Patient Fees & Charges	Total	Total
Central Park Lodge	$ 4,692	$ 203	$ 1,500	$ 6,395	$ 5,871
South Country Village	3,504		1,200	4,704	4,154
Medicine Hat Diagnostic Lab	3,447			3,447	3,035
Private care Homes	3,380		700	4,080	1,444
Other	1,094			1,094	1,079
	$ 16,117	$ 203	$ 3,400	$ 19,720	$ 15,583

20. Related Parties - Voluntary and Private Health Service Contract Operators (continued)

The payments to contract operators have been reported in the following expense categories:

	2002	2001
Facility based continuing care services	$ 7,139	$ 6,117
Community and home based services	2,834	1,071
Diagnostic and therapeutic services	4,331	3,863
Promotion, prevention and protection services	487	379
Administration	839	743
Support services	4,090	3,410
	$ 19,720	$ 15,583

21. Pension Costs

The Region participates in the Local Authorities Pension Plan, which is a multi-employer defined benefit plan. The pension expense recorded in these financial statements is equal to the Region's annual contributions payable of $2,356 for the year ended March 31, 2002 (2001 - $1,974).

At December 31, 2001, the Local Authorities Pension Plan reported an actuarial surplus of $635 million (December 31, 2000 - $884 million).

22. Physician Payments

The cost of fees paid by Alberta Health and Wellness directly to physicians for services rendered to the residents of the Region amounted to $36,881 (2001 - $33,021). These amounts are not reflected in the financial statements.

23. Comparative Figures

Certain 2001 figures have been reclassified to conform to the 2002 presentation.

24. Approval of Financial Statements

These financial statements have been approved by the Region.

PALLISER HEALTH REGION

Schedule 1

Schedule of Expenses by Object
Year ended March 31, 2002
(thousands of dollars)

	Budget	2002 Actual	2001 Actual
	(unaudited - note 19)		
Salaries, benefits, allowances & severance (schedule 2)	*$77,118*	$76,690	$67,469
Contracts with health service operators (note 20)	*20,083*	19,720	15,583
Drugs, gases, medical and surgical supplies	*5,764*	5,872	5,561
Other contracted services	*5,662*	5,912	2,850
Other expenses	15,114	17,006	14,974
Amortization			
Capital equipment - internally funded	*1,661*	1,217	1,433
Capital equipment - externally funded	*762*	1,496	762
Facilities and improvements	*3,232*	3,200	3,232
Continuing care partnership loan	-	142	-
Less amounts reported in ancillary operations (note 13)	*(1,000)*	(1,072)	(981)
	$128,396	$130,183	$110,883

PALLISER HEALTH REGION

Schedule 2(a)

Schedule of Salaries, Honoraria, Benefits, Allowances and Severance
Year ended March 31, 2002
(thousands of dollars)

	2002						2001				
	FTE (a)	Salaries and Honoraria (b)	Benefits and Allowances (c)	Severance (d)	Total	Average salaries & benefits	*FTE* (a)	Salaries, Benefits & Allowances (b) (c)	Severance (d)	Total	Average salaries & benefits
Board Members Compensation:											
Len Mitzel (Chair)		$21			$21			$11		$11	
Jim Black		6			6			-		-	
John Bokstcyn		17			17			24		24	
Hugh English		4			4			-		-	
Larry Gillespie		4			4			9		9	
Jim Horn		10			10			12		12	
Leo Hill		5			5			8		8	
Albert McFadyen		9			9			12		12	
Leva Olstad		10			10			10		10	
Dorothy Parry		5			5			10		10	
Audrey Redmond		3			3			9		9	
Lynne Sangster		7			7			9		9	
Ken Sauer		8			8			8		8	
Carol Secondiak		9			9			9		9	
Noel Sharp		-			-			8		8	
Marvin Shields		5			5			-		-	
Rod Sommerfeld		5			5			-		-	
Ann Zukowski		3			3			9		9	
		$131			$131			$148		$148	
Staff:											
President / Chief Executive Officer	*1.0*	171	27		198		*1.0*	151		151	
Senior Vice President Health Services	*1.0*	125	22		147		*1.0*	141		141	
Vice President Corporate / Support Services	*1.0*	115	21		136		*1.0*	126		126	
Vice President Community Development & Health Promotion	*1.0*	101	16		117		*1.0*	108		108	
Regional Chief of Staff	*0.8*	205	-		205		*1.2*	296		296	
Other Management reporting to those above	*25*	1,969	318		2,287	$91	*25*	2,075		2,075	$83
Other Management	*40*	2,933	473		3,406	$85	*40*	3,013		3,013	$75
Regulated Nurses not included above	*516*	29,052	4,685		33,737	$65	*492*	28,596		28,596	$58
Other Health Technical & Professional	*151*	8,357	1,348	39	9,744	$64	*153*	9,128		9,128	$60
Unregulated Health Service Providers	*184*	5,001	806		5,807	$32	*181*	5,516		5,516	$30
Other Staff	*545*	17,891	2,884		20,775	$38	*519*	18,171		18,171	$35
	1466	$66,051	$10,600	$39	$76,690		*1415*	$67,469	$0	$67,469	

The accompanying notes (a) to (d) are part of this Schedule

PALLISER HEALTH REGION

Schedule 2(b)

Schedule of Salaries, Honoraria, Benefits, Allowances and Severance - Notes
Year ended March 31, 2002
(thousands of dollars)

(a) FTE

Full time equivalent (FTE) has been determined at the rate of 2,023 annual hours for each full time employee.

Full time equivalent for Board Members has not been calculated as these individuals are remunerated on a stipend basis.

The total actual discrete number of individuals employed during the year was 2,370 (2001 - 2,268).

(b) Salaries and Honoraria

Salaries and honoraria include regular base pay, overtime, lumpsum payments, shift differential, honoraria, sick leave, vacation leave earned and other remuneration.

Medical doctors' salaries represent payments for administrative and medical services. These include fees for medical interpretation, assessment and procedures and payments for departmental administration and teaching.

(c) Benefits and Allowances

Benefits and allowances represent employer contributions or payments made on behalf of employees including:

Employment insurance
Canada pension plan
Provincial pension plan
Workers compensation
Health and dental coverage
Long term and short term disability plans
Accidental death and dismemberment plans'
Group life insurance

(d) Severance

Severance includes all amounts paid directly or indirectly to individuals upon termination, which are not included in salaries, honoraria, benefits and allowances.

The severance recorded during the year represents payments to 2 employees (2001 - 0).

PALLISER HEALTH REGION

Schedule 3

Three Year Summary of Revenue and Expenses
Year ended March 31, 2002
(thousands of dollars)

	2002	2001	2000
Revenue:			
Alberta Health and Wellness contributions (Note D)	$106,617	$91,926	$84,492
Other government contributions	3,954	2,909	2,135
Fees and charges	10,602	10,144	10,419
Ancillary operations, net	251	221	274
Donations	185	264	319
Investment and other income	2,359	2,450	2,091
Amortization of external capital contributions	4,809	3,965	3,745
	128,777	111,879	103,475
Expenses:			
Facility-based inpatient acute services	32,259	26,565	24,162
Facility-based emergency & outpatient services (note D)	6,115	4,797	4,124
Facility-based continuing care services	17,935	16,759	16,141
Community and home based services	10,183	6,819	5,362
Diagnostic and therapeutic services	22,266	19,283	17,393
Promotion, prevention and protection services	3,842	2,933	2,691
Administration	5,273	5,065	4,696
Information technology and We net	2,214	2,886	1,263
Year 2000 remedial costs	-	-	658
Support services	26,925	22,573	20,130
Amortization of facilities and improvements	3,171	3,203	3,171
	130,183	110,883	99,791
Excess (deficiency) of revenue over expenses	($1,406)	$996	$3,684
	A	B	C

Footnote A - Deficiency of Revenue over Expenses for 2002 of ($1,406)
The deficiency of revenue over expenses is principally a result of one-time renovation projects and a computer network upgrade that were completed in 2002 from funds reserved in previous years.

Footnote B - Excess of Revenue over Expenses for 2001 of $996
The excess of revenue over expenses is principally a result of unanticipated delays in the commencement of the new Geriatric Assessment Program and the additional Southridge Village continuing care beds.

Footnote C - Excess of Revenue over Expenses for 2000 of $3,684
The excess of revenue over expenses includes additional unrestricted Alberta Health and Wellness funding received in the latter part of the fiscal year of $3,727. The deficiency of revenue over expenses before the additional funding was $43.

Footnote D - Proforma Information for Rural On Call Program
Up until March 31, 2001, Alberta Health & Wellness made payments directly to physicians under the rural on-call program. From April 1, 2001 onwards, these payments were made by the Palliser Health Region. The payments for 2002 of $548 are included as a revenue under Alberta Health and Wellness contributions and as an expense under Facility-based emergency & outpatient services. The payments made in 2001 of $548 and in 2000 of $436 are not included in the above numbers.

Headwaters
#3

Headwaters Health Authority

Financial Statements

March 31, 2002

HEADWATERS HEALTH AUTHORITY

FINANCIAL STATEMENTS

MARCH 31, 2002

Auditor's Report

Statement of Management Responsibility

Statement of Financial Position

Statement of Operations

Statement of Changes in Net Assets

Statement of Cash Flows

Notes to the Financial Statements

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Schedule 2 - Schedule of Salaries, Honoraria, Benefits, Allowances and Severance

Schedule 3 - Three-Year Summary of Revenue and Expenses

AUDITOR
GENERAL
Alberta

AUDITOR'S REPORT

To the Members of the Headwaters Health Authority
and the Minister of Health and Wellness

I have audited the statement of financial position of the Headwaters Health Authority ("the Authority") as at March 31, 2002 and the statements of operations and changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Authority's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Authority as at March 31, 2002 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Fred J Dunn CA
Auditor General

Edmonton, Alberta
May 31, 2002

HEADWATERS HEALTH AUTHORITY
STATEMENT OF MANAGEMENT RESPONSIBILITY
MARCH 31, 2002

The accompanying financial statements are the responsibility of management and have been approved by the Authority. The financial statements were prepared in accordance with Canadian generally accepted accounting principles and the Financial Directives issued by Alberta Health and Wellness, and of necessity include some amounts that are based on estimates and judgements.

To discharge its responsibility for the integrity and objectivity of financial reporting, management maintains a system of internal accounting controls comprising written policies, standards and procedures, a formal authorization structure, and satisfactory processes for reviewing internal controls. This system is designed to provide management with reasonable assurance that transactions are in accordance with governing legislation and are properly authorized, reliable financial records are maintained, and assets are adequately accounted for and safeguarded. The Authority has established a code of ethics and corporate directives, which require communication of the code to employees.

The Authority members carry out their responsibility for the financial statements through the Corporate Services Committee. This committee meets with management and the external auditor, the Auditor General of Alberta, to discuss and review financial matters, and recommends the financial statements to the Headwaters Health Authority Board for approval. The Auditor General has full and free access to the Corporate Services Committee.

The Auditor General of Alberta provides an independent audit of the financial statements. His examination is conducted in accordance with Canadian generally accepted auditing standards and includes tests and other procedures, which allow him to report on the fairness of the financial statements prepared by management.

Dave Richardson
Dave Richardson
Chief Executive Officer

Barb Hambly
Barb Hambly, CMA
Chief Financial Officer

HEADWATERS HEALTH AUTHORITY
STATEMENT OF FINANCIAL POSITION
MARCH 31, 2002
(thousands of dollars)

	2002	2001
ASSETS		
Current:		
Cash	$6,335	$6,169
Accounts receivable (Note 3)	1,707	793
Inventories	727	822
Prepaid expenses	451	353
	9,220	8,137
Non-current assets (Note 4)	14,247	2,655
Capital assets (Note 5)	33,513	33,940
	$56,980	$44,732
LIABILITIES AND NET ASSETS		
Current:		
Accounts payable and accrued liabilities	$4,577	$3,112
Accrued vacation pay	2,679	2,464
Deferred contributions (Note 7)	1,751	1,977
	9,007	7,553
Deferred capital contributions (Note 8)	13,116	1,288
Unamortized external capital contributions (Note 9)	28,417	28,499
	50,540	37,340
Net assets:		
Unrestricted (Note 10)	-	113
Internally restricted (Notes *10* and *11*)	1,344	1,838
Investment in capital assets	5,096	5,441
	6,440	7,392
	$56,980	$44,732

Commitments (Note 27)

The accompanying notes and schedules are part of these financial statements.

HEADWATERS HEALTH AUTHORITY
STATEMENT OF OPERATIONS
MARCH 31, 2002
(thousands of dollars)

	2002		2001
	Budget (Note 12)	Actual	Actual
Revenue:			
Alberta Health and Wellness contributions (Note 13)	$58,362	$59,151	$52,852
Other government contributions (Note 14)	2,706	2,169	2,574
Fees and charges	7,377	7,315	6,990
Ancillary operations, net (Note 15)	251	127	111
Donations	210	375	248
Investment and other income (Note 16)	1,322	1,948	1,749
Amortization of external capital contributions (Note 9)	2,286	2,271	2,284
	72,514	73,356	66,808
Expenses (Schedule 1):			
Facility based inpatient acute services	12,624	12,737	11,069
Facility based emergency and outpatient services	4,561	5,067	3,261
Facility based continuing care services (Note 17)	10,991	11,719	9,982
Community and home based services	5,431	5,531	4,752
Diagnostic and therapeutic services	11,855	11,798	10,959
Promotion, prevention and protection services	3,171	3,376	2,917
Administration (Note 18)	4,230	4,262	4,106
Information technology and alberta we net (Note 19)	1,616	1,553	1,921
Support services (Note 20)	17,360	16,341	16,106
Amortization of facilities and improvements	1,927	1,924	1,998
	73,766	74,308	67,071
Excess (deficiency) of revenue over expenses	$(1,252)	$(952)	$(263)

HEADWATERS HEALTH AUTHORITY
STATEMENT OF CASH FLOWS
MARCH 31, 2002
(thousands of dollars)

	2002		2001
	Budget (Note 12)	Actual	Actual
Operating Activities:			
Excess (deficiency) of revenue over expenses	$(1,252)	$(952)	$(263)
Non-cash transactions:			
Amortization of capital assets:			
Equipment – internally funded	710	535	512
Equipment – externally funded	516	440	295
Facilities & improvements – internally funded	-	127	85
Facilities & improvements – externally funded	1,927	1,855	1,913
Write off of equipment	-	-	220
Amortization of external capital contributions (Note 9)	(2,310)	(2,295)	(2,308)
	(409)	(290)	454
Changes in non-cash working capital (Note 22)	(26)	537	1,195
Cash generated from operations	(435)	247	1,649
Investing activities:			
Purchase of capital assets:			
Equipment – internally funded	(1,077)	(310)	(1,208)
Equipment – externally funded	(2,440)	(1,980)	(514)
Facilities & improvements – internally funded	-	(7)	-
Facilities & improvements – externally funded	-	(233)	(22)
Net change in non-current assets	2,255	(11,592)	(114)
Cash used by investing activities	(1,262)	(14,122)	(1,858)
Financing activities:			
Capital contributions received (Note 8)	1,087	14,041	1,019
Cash generated from financing activities	1,087	14,041	1,019
Increase (decrease) in cash	$(610)	166	810
Cash, beginning of year		6,169	5,359
Cash, end of year		$6,335	$6,169

HEADWATERS HEALTH AUTHORITY
STATEMENT OF CHANGES IN NET ASSETS
MARCH 31, 2002
(thousands of dollars)

	2002				2001			
	Unrestricted (Note 10)	Internally Restricted (Note 11)	Invested in Capital Assets	Total	Unrestricted (Note 10)	Internally Restricted (Note 11)	Invested in Capital Assets	Total
Excess (deficiency) of revenue over expenses	$(952)	$ -	$ -	$(952)	$(263)	$ -	$ -	$(263)
Capital assets purchased with internal funds	(317)	-	317	-	(1,208)	-	1,208	-
Amortization of internally funded capital assets	662	-	(662)	-	717	-	(717)	-
Net change	(607)	-	(345)	(952)	(754)	-	491	(263)
Transfers for internal restrictions	494	(494)	-	-	503	(503)	-	-
Balance, beginning of year	113	1,838	5,441	7,392	364	2,341	4,950	7,655
Balance, end of year	$ -	$1,344	$5,096	$6,440	$113	$1,838	$5,441	$7,392

HEADWATERS HEALTH AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2002
(thousands of dollars)

Note 1 Authority, Purpose and Operations

Headwaters Health Authority (the "Authority") was established on June 24, 1994 under the authority of the Regional Health Authorities Act, Chapter R-10, Revised Statutes of Alberta 2000. The Authority is exempt from the payment of income tax and is also a registered charity under the Income Tax Act.

The Authority is responsible for the delivery of appropriate, accessible and affordable health services in Alberta. This responsibility includes operating programs designed to promote, protect, maintain, restore and enhance physical and mental wellbeing.

The operations of the Authority include the following facilities and sites:

- Canmore General Hospital
- Claresholm General Hospital
- High River General Hospital
- Little Bow Continuing Care Centre
- Oilfields General Hospital
- Vulcan Community Health Centre
- Willow Creek Continuing Care Centre
- Banff Public Health
- Canmore Public Health
- Claresholm Public Health and Community Care
- High River Public Health
- Nanton Community Health Centre
- Okotoks Public Health and Community Care
- High River Community Care

These financial statements do not include the assets, liabilities and operations of any voluntary or private facilities providing health services in the region. Information on these facilities is disclosed in Note 23 (c).

Note 2 Significant Accounting Policies and Reporting Practices

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles and the reporting requirements of Financial Directive 19 issued by Alberta Health and Wellness. The following are the significant accounting policies:

(a) Revenue Recognition

These financial statements have been prepared using the deferral method, the key elements of which are:

(1) Unrestricted operating grants and other contributions are recognized as revenue in the year they become receivable.

(2) Externally restricted non-capital contributions are deferred and recognized as revenue in the year proportional to the related expenses incurred.

(3) Externally restricted capital contributions are recorded as deferred capital contributions until the amount is expended on capital assets. Amounts expended representing externally funded capital assets are then transferred to unamortized external capital contributions. Unamortized external capital contributions are recognized as revenue in the periods in which the related amortization expense of the funded capital asset is recorded.

(4) Restricted contributions for the purchase of capital assets which will not be amortized are recorded as direct increases to net assets.

(5) Unrestricted investment income is recognized in the year earned.

(6) Investment income subject to external restrictions is, depending on the nature of the restrictions, recorded as a direct increase to net assets, or is deferred and recognized as revenue in the year proportional to the related expenses incurred.

(7) Donations and contributions in kind are recorded at fair value when such value can reasonably be determined.

(b) Full cost

The Authority accounts for all costs and revenue related to services carried out for which it is responsible.

The fair value of costs of services is recorded. The fair value transactions recorded consist of the following:

(i) Revenue earned by contracted health service operators from Ministry of Health and Wellness designated fees and charges is recorded as fees and charges and an equivalent amount is recorded as program expenses as this revenue funds part of the cost of the Authority's health programs.

(ii) Payments made by Alberta Health and Wellness directly to contracted health service operators are recorded as revenue and an equivalent amount is recorded as program expenses as these payments represent part of the cost of the

Authority's health programs.

(iii) The fair value for use of acute care facilities not owned by the Authority is recorded as revenue from other government contributions or donations and an equivalent amount is recorded as program expenses as contract payments from the Authority do not include an amount for the use of these facilities.

(iv) The fair value for the use of non-acute care facilities not owned by the Authority and provided to the Authority at zero or nominal rent is recorded as other government contributions and as program expenses as contract payments from the Authority do not include an amount for the use of these facilities.

(v) Other assets, supplies and service contributions that would otherwise have been purchased are recorded as revenue and expenses, at fair value at the date of contribution, when a fair value can be reasonably determined. Volunteers contribute a significant amount of time each year to assist the Authority in carrying out its programs and services. However, contributed services of volunteers are not recognized as revenue and expenses in these financial statements because fair value cannot be reasonably determined.

(c) Employee Future Benefits

The Authority participates in the Local Authorities Pension Plan which is a multi-employer defined benefit pension plan that provides pensions for the Authority's participating employees, based on years of service and earnings.

Defined contribution plan accounting is applied to a multi-employer defined benefit plan for which the Authority has insufficient information to apply defined benefit plan accounting.

Pension costs included in these financial statements comprise the employer contributions required for its employees during the year, based on rates which are expected to provide for benefits payable under the pension plans. The Authority does not record its portion of the pension plan's deficit or surplus.

The Authority also participates in a defined contribution pension plan for employees at one facility and for one employee group at all facilities.

The Authority fully accrues its obligations for employee non-pension future benefits.

(d) Financial Instruments

The carrying value of accounts receivable and accounts payable and accrued liabilities approximates their fair value because of the short-term maturities of these items.

(e) Inventories

Inventories are valued at the lower of cost (first in first out) or net realizable value.

(f) Capital Assets

Capital assets are recorded at cost. Purchases less than $5 are expensed. Capital assets are amortized over their estimated useful lives on a straight-line basis:

	Useful Life
Land improvements	20 years
Buildings	40 years
Building service equipment	20 years
Furniture, equipment and software	5-20 years

Amortization of software under development and construction in progress will commence when the assets are substantially complete and available for use.

(g) Trust Funds Received by the Authority for Others

The Authority receives trust funds from Alberta Infrastructure that are to be paid to operators of non-owned facilities for capital purposes or facility repairs. The Authority receives trust funds from patients that are to be paid for personal expenses. These amounts are not reflected in these financial statements but are disclosed in Note 26.

(h) Measurement Uncertainty

The financial statements, by their nature, contain estimates and are subject to measurement uncertainty. The amounts recorded for amortization of capital assets and amortization of external capital contributions are based on estimates of the useful life of the related assets. Actual results could differ from these estimates. Also, the Authority is currently included in the Goods and Services (GST) free list of Alberta Government entities and therefore does not record or pay GST on purchased supplies and services. This situation could change in future if the Authority ceases to be part of the GST free list of Alberta Government.

Note 3 Accounts Receivable

	2002	2001
Receivable from Alberta Health and Wellness	$689	$39
Other receivables	1,018	754
	$1,707	$793

Note 4 Non-Current Assets

	2002	2001
Cash externally restricted for capital purposes	$12,665	$605
Deposit paid for capital purposes	75	-
Receivable from Alberta Health and Wellness restricted for capital purposes	376	683
Externally restricted for capital purposes (Note 8)	13,116	1,288
Cash internally restricted for future equipment replacement (Note 11)	1,131	1,367
	$14,247	$2,655
Fair value	$14,247	$2,655

Note 5 Capital Assets

	2002			2001
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	$1,082	$ -	$1,082	$1,082
Land improvements	1,126	736	390	230
Buildings	72,381	46,351	26,030	27,933
Building service equipment	949	808	141	175
Furniture, equipment and software	11,406	5,742	5,664	4,382
Software under development	169	-	169	138
Construction in progress	37	-	37	-
	$87,150	$53,637	$33,513	$33,940

Land at the Banff Health Unit has been provided to the Authority at nominal value by the Mineral Springs Hospital under a lease expiring January 30, 2028.

Capital assets have been funded from the following sources:

	2002	2001
Externally funded (unamortized external capital contributions)	$28,417	$28,499
Internally funded (investment in capital assets)	5,096	5,441
	$33,513	$33,940

Note 6 Line of Credit and Debt Limit

The Authority has an unused operating line of credit to a maximum of $1,000. A general security agreement covering accounts receivable has been pledged as security for the operating line of credit. Interest is charged at prime less .25%.

The debt limit of the Authority is calculated by the "percentage of base" method: for 2001 – 2002 the limit was $2,784. At March 31, 2002 there were no short or long term borrowings outstanding.

Note 7 Deferred Contributions

	2002	2001
Amounts received:		
Alberta Health and Wellness	$1,811	$50
Other government	1,187	2,754
Chinook Health Region *	83	-
Donations	4	7
Amounts recognized as revenue:		
Alberta Health and Wellness (Note 13)	(1,568)	(15)
Other government (Note 14)	(1,743)	(2,167)
Change during the year	(226)	629
Balance, beginning of year	1,977	1,348
Balance, end of year	$1,751	$1,977
Unspent amounts at end of year are restricted for the following purposes:		
Renovation and upgrade projects	$1,140	$1,269
Healthy Aging Partnership Initiatives	200	590
Promotions, prevention and protection programs	233	20
Other programs	178	98
	$1,751	$1,977

* The program and unspent funds of $83 for the "Health Innovation: Facilitating the Integration of Registered Midwives as New Health Care Practitioners" was transferred from Chinook Health Region.

Note 8 Deferred Capital Contributions

Deferred capital contributions balance represents amounts accounted for in accordance with the accounting policy described in Note 2(a)(3).

	2002	2001
Amounts received:		
Alberta Health and Wellness	$826	$707
Alberta Infrastructure	12,381	-
Donations	834	312
	14,041	1,019
Amounts transferred to unamortized external capital contributions (Note 9)	(2,213)	(536)
Change during the year	11,828	483
Balance, beginning of year	1,288	805
Balance, end of year	$13,116	$1,288
Unspent amounts at end of year are restricted for the following purposes:		
Capital construction		
Okotoks	$7,964	$ -
High River	4,224	-
Diagnostic and treatment equipment	817	1,203
Software	111	85
	$13,116	$1,288

Note 9 Unamortized External Capital Contributions

Unamortized external capital contributions reflect transactions accounted for in accordance with the accounting policy described in Note 2(a)(3). The balance at end of year represents the external capital contributions that will be recognized as revenue in future years.

	2002	2001
Balance, beginning of year	$28,499	$30,271
Add amounts transferred from deferred capital contributions (Note 8)	2,213	536
Less amounts recognized as revenue:		
Statement of operations	(2,271)	(2,284)
Ancillary operations (Note 15)	(24)	(24)
Balance, end of year	$28,417	$28,499

Note 10 Unrestricted and Internally Restricted Net Assets

The balance of unrestricted and internally restricted net assets can be analyzed as follows:

	2002	2001
Unrestricted and internally restricted net assets at regionalization - April 1, 1995	$1,047	$1,047
Changes since regionalization:		
Cumulative operating surplus	3,154	4,106
Invested in capital assets		
Purchases net of amortization	(1,397)	(1,742)
Repayment of long-term debt	(1,460)	(1,460)
Balance	$1,344	$1,951
Unrestricted	$ -	$113
Internally restricted	1,344	1,838
	$1,344	$1,951

Note 11 Internally Restricted Net Assets

Net assets internally restricted represent amounts restricted by the Authority for the following purposes:

	2002	2001
Future equipment replacement	$1,131	$1,367
Future operating projects	213	471
	$1,344	$1,838

Note 12 Budget

	Initial Budget (1)	Revised Budget (2)	Category Adjust-ments (3)	Reported Budget
Revenue				
Alberta Health and Wellness contributions	$59,113	$58,362	$ -	$58,362
Other government contributions	2,734	2,734	(28)	2,706
Fees and charges	6,956	7,154	223	7,377
Ancillary operations, net	217	254	(3)	251
Donations	210	210	-	210
Investment and other income	1,232	1,351	(29)	1,322
Amortization of external capital contributions	2,286	2,286	-	2,286
	72,748	72,351	163	72,514
Expenses				
Facility based inpatient acute services	12,663	13,416	(792)	12,624
Facility based emergency and outpatient services	3,470	3,603	958	4,561
Facility based continuing care services	10,899	11,004	(13)	10,991
Community and home based services	5,579	5,454	(23)	5,431
Diagnostic and therapeutic services	11,937	11,868	(13)	11,855
Promotion, prevention and protection services	3,227	3,165	6	3,171
Administration	4,177	4,224	6	4,230
Information technology and alberta wellnet	1,831	1,617	(1)	1,616
Support services	17,119	17,325	35	17,360
Amortization of facilities and improvements	1,927	1,927	-	1,927
	72,829	73,603	163	73,766
Excess (deficiency) of revenue over expenses	$(81)	$(1,252)	$ -	$(1,252)

1) The Board of the Authority approved the initial business plan on July 26, 2001.

2) In October 2001, the Minister of Health and Wellness reduced the Authority's funding by $751. A revised budget was prepared to reflect the new economic challenges and realities and was approved by the Minister on December 18, 2001.

3) Categorization amendments to the Business Plan budget were done to conform to Financial Directive 19.

Note 13 Alberta Health and Wellness Contributions

	2002		2001
	Budget	Actual	Actual
Base funding	$54,133	$54,351	$50,834
One time funding	3,068	3,068	1,833
Unrestricted contributions	57,201	57,419	52,667
Restricted contributions transferred from deferred contributions (Note 7)	991	1,568	15
Restricted contributions made directly by Alberta Health and Wellness to contracted operators	170	164	170
	$58,362	$59,151	$52,852

Note 14 Other Government Contributions

	2002		2001
	Budget	Actual	Actual
Alberta Infrastructure	$1,808	$888	$1,749
Other provincial and local government	377	855	418
	2,185	1,743	2,167
Fair value for use of non-owned non-acute care facilities	31	25	31
Fair value for use of non-owned acute care facilities	490	401	376
	$2,706	$2,169	$2,574

Note 15 Ancillary Operations

	2002				2001
	Non-patient Food	Rental	Total	Budget	Total
Revenue	$277	$250	$527	$515	$506
Amortization of external capital contributions (Note 9)	-	24	24	24	24
Expenses	(270)	(96)	(366)	(230)	(361)
Amortization	-	(58)	(58)	(58)	(58)
Excess of revenue over direct expenses 2002	$7	$120	$127	$251	
Excess of revenues over direct expenses 2001	$32	$79	$111		$111

Note 16 Investment and Other Income

	2002		2001
	Budget	Actual	Actual
Unrestricted investment income	$351	$275	$483
Recoveries	414	859	649
Other income – contracted operators	557	814	617
	$1,322	$1,948	$1,749

Note 17 Facility based Continuing Care Services

Facility based continuing care services include expenses associated with the Healthy Aging Partnership Initiative of $394 (2001 - $nil).

Note 18 Administration

	2002		2001
	Budget	Actual	Actual
General administration	$1,836	$1,939	$1,811
Finance	752	749	818
Personnel	664	562	545
Administration – contracted operators	978	1,012	932
	$4,230	$4,262	$4,106

Note 19 Information management, systems and technology

	2002		2001
	Budget	Actual	Actual
Information management, systems and technology	$1,307	$1,364	$1,282
Amortization	266	189	221
alberta we/net	43	-	198
Write off of software	-	-	220
	$1,616	$1,553	$1,921

alberta we/net is the province-wide, strategic initiative to build a health information network. The initiative brings together a broad spectrum of health professionals to increase the use of information technology to improve health service delivery to all Albertans. The Authority did not contribute to alberta we/net during 2002. The Authority expensed $418 and capitalized $43 in 2001.

Note 20 Support Services

	2002		2001
	Budget	Actual	Actual
Building maintenance and operations	$3,079	$3,147	$2,739
Building renovations and upgrades	1,808	874	1,761
Communications	414	450	404
Education	324	319	322
Housekeeping	1,594	1,604	1,432
Laundry and linen	760	744	706
Materiels management	786	834	749
Patient food services	2,731	2,603	2,418
Patient health records	874	894	813
Patient registration	648	657	598
Patient transportation	1,055	1,073	1,037
Sterile reprocessing	249	242	295
Volunteer services	129	114	127
Support services – contracted operators	2,909	2,786	2,705
	$17,360	$16,341	$16,106

Note 21 Pension Costs

The Authority participates in the Local Authorities Pension Plan, which is a multi-employer defined benefit plan. At December 31, 2001 the Local Authorities Pension Plan reported a surplus of $634,960 (2000 - $883,823). The Authority also participates in a defined contribution pension plan for employees at one facility and for one employee group at all facilities. The pension expense recorded in these financial statements is equivalent to the Authority's annual contributions payable.

	2002	2001
Expense related to defined benefit plan	$1,081	$840
Expense related to defined contribution plan	170	122
	$1,251	$962

Note 22 Changes in Non-Cash Working Capital

	2002	2001
Accounts receivable	$(914)	$(28)
Inventories	95	(91)
Prepaid expenses	(98)	(102)
Accounts payable and accrued liabilities	1,465	387
Accrued vacation pay	215	400
Current portion of deferred contributions	(226)	629
	$537	$1,195

Note 23 Related Parties

(a) Province of Alberta

The Authority is established under the Regional Health Authorities Act. The Minister of Health and Wellness appoints one-third of the members of the Authority. Transactions between the Authority and the Province are disclosed in notes 3, 4, 7, 8, 12, 13 and 14 to the financial statements.

(b) Foundations

Controlled Foundations

The Headwaters Health Authority Foundation was established during fiscal year 1996-1997 and to date has been inactive.

Other Foundations

The Authority has significant influence in four foundations. These foundations solicit funds in the name of, and with the expressed or implicit approval of, the Authority.

All the foundations listed raise funds to benefit the Authority and other health related entities. The foundations are registered charities under the Income Tax Act.

Information on the foundations where the Authority has representation on its Board of Directors, together with financial information of these foundations is as follows:

	2002	2001
Contributions received from:		
Canmore and Area Health Care Foundation	$ -	$ -
Claresholm and District Health Foundation	68	102
High River District Healthcare Foundation	320	143
Oilfields Health Foundation	101	44
	$489	$289
Administrative support provided to:		
Canmore and Area Health Care Foundation	$23	$ -
Claresholm and District Health Foundation	20	20
High River District Healthcare Foundation	88	88
Oilfields Health Foundation	22	22
	$153	$130
Accounts receivable from:		
Canmore and Area Health Care Foundation	$ -	$ -
Claresholm and District Health Foundation	12	3
High River District Healthcare Foundation	77	83
Oilfields Health Foundation	12	20
	$101	$106

	Externally Restricted	Unrestricted	2002 Total
Resources held at March 31, 2002			
Canmore and Area Health Care Foundation	$ -	$18	$18
Claresholm and District Health Foundation	200	22	222
High River District Healthcare Foundation	579	115	694
Oilfields Health Foundation	9	28	37
	$788	$183	$971

Contributions include externally restricted amounts for equipment, programs, research, and education for the specific communities supported by the foundations.

(c) Voluntary and Private Health Service Operators

The Authority has an economic interest in the following voluntary and private health providers as it transfers significant resources to these entities. The Authority contracts with voluntary and private health service operators to provide health services in the Region. The health service operators and the amount of the contracted health services for the year are as follows:

	2002				2001
	Funding by the Authority	Fees and Charges and Other Income	Fair Value Adjustments	Total	Total
Mineral Springs Hospital	$5,154	$3,702	$401	$9,257	$8,595
Extendicare - Vulcan	1,501	525	164	2,190	1,924
	$6,655	$4,227	$565	$11,447	$10,519

The voluntary and private health service operators' expenses are reported in the following expense categories:

	2002	2001
Facility based acute care services	$2,827	$2,434
Facility based emergency and outpatient services	1,089	1,071
Facility based continuing care services	1,968	1,757
Diagnostic and therapeutic services	1,765	1,620
Administration	1,012	932
Support Services	2,786	2,705
	$11,447	$10,519

Note 24 Surgical Services Contracts

The Authority has contracted with the Banff Outpatient Surgery Centre to provide medically necessary plastic surgical services under the Health Care Protection Act.

Contract Term	Annual Value	2002	2001
October 1, 2000 - September 30, 2001	$75	$32	$43
October 1, 2001 - September 30, 2003	$72	45	-
		$77	$43

Note 25 Physician Payment

The cost of physician fees paid by Alberta Health and Wellness for services rendered to the residents of Headwaters amounted to $27,446 (2001 - $25,178). These amounts are not reflected in the financial statements.

Note 26 Trust Funds

The Authority receives funds in trust from Alberta Infrastructure for non-owned facilities for capital purposes and facility repairs. These amounts are not reported in these financial statements.

During the year the Authority received $20 (2001 - $472) and disbursed $nil (2001 - $577) for capital and facility repairs for non-owned facilities. The balance of funds held by the Authority is $77 (2001 - $57).

The Authority receives funds in trust from patients for personal expenses. These amounts are not reported in these financial statements. The balance of funds held by the Authority is $46 (2001 - $42).

Note 27 Commitments

The Authority has received approval from Alberta Infrastructure to build the Okotoks Community Health Centre for a total project cost of $10,000. As at March 31, 2002, the Authority has entered into an agreement to purchase land for $1,500 but not all of the conditions in the agreement have been satisfied. The Authority has received $8,000 from Alberta Infrastructure towards the cost of the project as disclosed in Note 8.

The Authority has a contract expiring on December 31, 2005 with an electricity provider that specifies a fixed price for energy consumption up to a certain quantity.

Note 28 Comparative Figures

Certain comparative figures have been reclassified to conform to the current year presentation.

Note 29 Approval of Financial Statements

These financial statements have been approved by the Authority.

HEADWATERS HEALTH AUTHORITY
SCHEDULE OF EXPENSES BY OBJECT
MARCH 31, 2002

Schedule 1

(thousands of dollars)

	2002		2001
	Budget	Actual	Actual
Salaries, honoraria, benefits, allowances and severance (Schedule 2)	$41,252	$41,773	$36,638
Contracts with health operators (Note 23(c))	11,468	11,447	10,519
Surgical services contracts (Note 24)	75	77	43
Other contracted services	607	612	594
Drugs, gases, medical and surgical supplies	2,334	2,316	2,156
Consulting services	2,621	3,170	1,775
Other	12,544	12,380	12,740
	70,901	71,775	64,465
Amortization:			
Equipment - internally funded	710	535	512
Equipment - externally funded	516	440	295
Facilities and improvements – internally funded	-	127	85
Facilities and improvements – externally funded	1,927	1,855	1,913
Write off of equipment	-	-	220
	74,054	74,732	67,490
Less amounts reported in ancillary operations (Note 15)	(288)	(424)	(419)
	$73,766	$74,308	$67,071

HEADWATERS HEALTH AUTHORITY

Schedule 2

SCHEDULE OF SALARIES, HONORARIA, BENEFITS, ALLOWANCES AND SEVERANCE

MARCH 31, 2002

(thousands of dollars)

		2002				2001	
		FTE's (1)	Salaries & Honoraria (2)	Benefits & Allowances (3)	Total	FTE's (1)	Total
Board Chair - C. Rousseau		1.00	$33	$2	$35	1.00	$29
Board Members							
L. Boychuk		1.00	7	2	9	1.00	5
M. Flanagan		1.00	12	3	15	1.00	12
M. Hammond		1.00	9	-	9	1.00	7
M. Ricketts		1.00	12	3	15	1.00	13
S. Barry	from October 25, 2001	0.42	5	-	5	-	-
G. McPherson	from October 25, 2001	0.42	6	2	8	-	-
M. Poelman	from October 25, 2001	0.42	2	1	3	-	-
A. Rogers	from October 25, 2001	0.42	6	2	8	-	-
I. Allen	to October 25, 2001	0.58	5	-	5	1.00	9
P. Anderson	to October 25, 2001	0.58	2	-	2	1.00	9
B. Dyck	to October 25, 2001	0.58	4	2	6	1.00	12
D. Lundgren	to October 25, 2001	0.58	9	2	11	1.00	7
K. McNeil	to October 25, 2001	0.58	4	-	4	1.00	8
D. Golding	to October 19, 2000	-	-	-	-	.50	2
Total Honoraria		9.58	116	19	135	10.50	113
Chief Executive Officer (4)	from November 19, 2001	0.38	54	9	63	-	-
Chief Executive Officer (4)	to August 24, 2001	0.42	55	5	60	1.00	158
Staff reporting to the CEO							
Community Health Services Leaders							
- Black Diamond Okotoks		1.00	97	14	111	1.00	107
- Canmore		1.00	93	14	107	0.88	87
- Claresholm		1.00	93	14	107	1.00	101
- High River Nanton		1.00	93	14	107	1.00	98
- Vulcan Carmangay		1.00	80	13	93	0.88	80
Regional Health Services Leader		1.00	93	12	105	0.88	88
Planning and Support Services Leader (5)		1.00	110	12	122	1.00	110
Human Resources Leader (6)			-	-	-	1.00	100
Finance and Information Management Leader		1.00	97	14	111	0.92	93
Regional Medical Director		0.60	117	-	117	0.60	77
Other management reporting to those above (avg. 2002 $84, avg. 2001 $77)		29.67	2,163	332	2,495	19.08	1,466
Other management (avg. 2002 $53, avg. 2001 $51)		73.69	3,691	335	4,026	76.78	3,914
Regulated nurses not included above (avg. 2002 $68, avg. 2001 $59)		231.28	13,520	2,268	15,788	227.52	13,459
Other health technical and professionals (avg. 2002 $65, avg. 2001 $61)		101.16	5,622	943	6,565	96.59	5,900
Unregulated health service providers (avg. 2002 $32, avg. 2001 $30)		90.57	2,493	418	2,911	88.63	2,699
Other Staff (avg. 2002 $36 , avg. 2001 $33)		244.99	7,493	1,257	8,750	240.20	7,988
		790.34	$36,080	$5,693	$41,773	769.46	$36,638

Schedule 2 (continued)

SCHEDULE OF SALARIES, HONORARIA, BENEFITS, ALLOWANCES AND SEVERANCE

1) Full time equivalent (FTE) has been determined using 2,022.75 worked hours per year for all categories of employees and using 12 months of service for board members. Total actual discrete number of individuals employed during the year was 1,521 (2001 - 1,460).

2) Salaries include regular base pay, overtime, lump sum payments, honoraria and any other direct cash remuneration including sick leave, short-term disability and vacation. Severances are also included. See (7) below.

3) Benefits and allowances include the employer's share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, out-of-country medical benefits, group life insurance, accidental death and dismemberment, long-term disability plans, Canada Pension Plan, unemployment insurance and workers compensation.

4) Automobile provided to the Chief Executive Officer is not included in the value of benefits disclosed on the schedule.

5) Planning and Support Services Leader assumed CEO responsibilities from August 25, 2001 to November 18, 2001.

6) Human Resources Leader was on maternity leave throughout the year and resigned on February 28, 2002.

7) The following severances have been included in salaries but excluded from the calculation of average cost per FTE.

	2002		2001	
	#		#	
Other Management	5	$140	3	$12
Regulated Nurses	1	8	1	90
Other Staff	2	34	1	10
	8	$182	5	$112

HEADWATERS HEALTH AUTHORITY

Schedule 3

THREE YEAR SUMMARY OF REVENUE AND EXPENSES
FOR THE YEARS ENDED MARCH 31, 2002

(thousands of dollars)

	Actual		
	2002	2001	2000
Revenue:			
Alberta Health and Wellness contributions	$59,151	$52,852	$49,806
Other government contributions	2,169	2,574	1,519
Fees and charges	7,315	6,990	6,913
Ancillary operations, net	127	111	129
Donations	375	248	137
Investment and other income	1,948	1,749	1,569
Amortization of external capital contributions	2,271	2,284	2,103
	73,356	66,808	62,176
Expenses:			
Facility based inpatient acute services	12,737	11,069	9,807
Facility based emergency and outpatient services	5,067	3,261	2,808
Facility based continuing care services	11,719	9,982	9,239
Community and home based services	5,531	4,752	3,952
Diagnostic and therapeutic services	11,798	10,959	10,067
Promotion, prevention and protection services	3,376	2,917	2,696
Administration	4,262	4,106	3,664
Information technology and alberta we//net	1,553	1,921	919
Y2K remedial costs	-	-	168
Support services	16,341	16,106	14,286
Amortization of facilities and improvements	1,924	1,998	1,961
	74,308	67,071	59,567
Excess (deficiency) of revenue over expenses	$(952)	$(263)	$2,609

HEADWATERS HEALTH AUTHORITY

Schedule 3(continued)

THREE YEAR SUMMARY OF REVENUE AND EXPENSES
FOR THE YEARS ENDED MARCH 31, 2002

(thousands of dollars)

	Pro-Forma		
	2002	2001	2000
Revenue:			
Alberta Health and Wellness contributions	$59,151	$53,805	$50,515
Other government contributions	2,169	2,574	1,519
Fees and charges	7,315	6,990	6,913
Ancillary operations, net	127	111	129
Donations	375	248	137
Investment and other income	1,948	1,749	1,569
Amortization of external capital contributions	2,271	2,284	2,103
	73,356	67,761	62,885
Expenses:			
Facility based inpatient acute services	12,737	11,069	9,807
Facility based emergency and outpatient services	5,067	4,214	3,517
Facility based continuing care services	11,719	9,982	9,239
Community and home based services	5,531	4,752	3,952
Diagnostic and therapeutic services	11,798	10,959	10,067
Promotion, prevention and protection services	3,376	2,917	2,696
Administration	4,262	4,106	3,664
Information technology and alberta we//net	1,553	1,921	919
Y2K remedial costs	-	-	168
Support services	16,341	16,106	14,286
Amortization of facilities and improvements	1,924	1,998	1,961
	74,308	68,024	60,276
Excess (deficiency) of revenue over expenses	$(952)	$(263)	$2,609

A three year summary of revenue and expenses has been provided on a pro-forma basis to reflect the transfer of the Rural (Emergency) On Call Remuneration program from Alberta Health and Wellness to the Authority. The transfer was effective April 1, 2001. Alberta Health and Wellness contributions and facility based emergency and outpatient services have been restated in 2001 and 2000.

During the year, the Authority's boundaries were realigned by the Minister of Health pursuant to Minister's Order #45 2001. As a result, the Authority's geographic size and population increased, but not significantly. No operations and no assets or liabilities were transferred. Therefore, no pro-forma information is provided for this change.

#4

Calgary Health Region

Consolidated Financial Statements

March 31, 2002

CALGARY HEALTH REGION

CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2002

Auditor's Report

Statement of Management Responsibility for Financial Reporting

Consolidated Statement of Financial Position

Consolidated Statement of Operations

Consolidated Statement of Changes in Net Assets

Consolidated Statement of Cash Flows

Notes to the Consolidated Financial Statements

Schedule 1 - Consolidated Schedule of Expenses by Object

Schedule 2 - Consolidated Schedule of Salaries, Honoraria, Benefits, Allowances and Severance

Schedule 3 - Consolidated Three Year Summary of Revenue and Expenses

AUDITOR
GENERAL
Alberta

AUDITOR'S REPORT

To the Members of the Calgary Health Region
and the Minister of Health and Wellness

I have audited the consolidated statement of financial position of the Calgary Health Region ("the Region") as at March 31, 2002 and the consolidated statements of operations, changes in net assets, and cash flows for the year then ended. These financial statements are the responsibility of the Region's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Region as at March 31, 2002 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Fred J Dunn CA
Auditor General

Edmonton, Alberta
June 7, 2002

CALGARY HEALTH REGION

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2002

The accompanying consolidated financial statements are the responsibility of management and have been approved by the Region. The consolidated financial statements were prepared in accordance with Canadian generally accepted accounting principles and the financial directives issued by Alberta Health and Wellness, and of necessity include some amounts that are based on estimates and judgements.

To discharge its responsibility for the integrity and objectivity of financial reporting, management maintains a system of internal accounting controls comprising written policies, standards and procedures, a formal authorization structure, and satisfactory processes for reviewing internal controls. This system is designed to provide management with reasonable assurance that transactions are in accordance with governing legislation, are properly authorized, reliable financial records are maintained, and assets are adequately accounted for and safeguarded.

The Region members carry out their responsibility for the consolidated financial statements through the Finance and Corporate Accountability Committee. This Committee meets with management and the Auditor General of Alberta to discuss and review financial matters, and recommends the consolidated financial statements to the Calgary Health Region Board for approval. The Auditor General of Alberta has full and free access to the Finance and Corporate Accountability Committee.

The Auditor General of Alberta provides an independent audit of the consolidated financial statements. His examination is conducted in accordance with Canadian generally accepted auditing standards and includes tests and other procedures, which allow him to report on the fairness of the consolidated financial statements prepared by management.

Jack Davis
President & Chief Executive Officer

Kay Best

Kay Best
Vice President, Corporate Services
& Chief Financial Officer

CALGARY HEALTH REGION

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

MARCH 31, 2002
(thousands of dollars)

	2002	2001
ASSETS		
Current:		
Cash and temporary investments (Note 3)	$ 130,281	$ 138,262
Accounts receivable	29,508	26,216
Contributions receivable	20,816	7,950
Inventories	14,429	12,303
Prepaid expenses	3,260	3,932
	198,294	188,663
Non-current cash and investments (Note 3)	199,857	82,556
Capital contributions receivable (Note 4)	18,198	63,844
Capital assets (Note 5)	606,942	575,060
TOTAL ASSETS	$ 1,023,291	$ 910,123
LIABILITIES AND NET ASSETS		
Current:		
Accounts payable	$ 101,337	$ 83,461
Accrued vacation pay	50,893	43,982
Current portion of deferred contributions (Note 6)	14,630	17,392
Current portion of obligation under capital leases (Note 8)	250	236
	167,110	145,071
Deferred contributions (Note 6)	35,130	33,941
Deferred capital contributions (Note 7)	165,733	108,757
Obligation under capital leases (Note 8)	2	252
Long-term employee benefit liabilities	15,040	13,707
Unamortized external capital contributions (Note 9)	517,916	484,808
	900,931	786,536
Net Assets:		
Unrestricted (Note 10)	16,396	30,373
Internally restricted (Note 11)	17,190	3,450
Investment in capital assets	88,774	89,764
	122,360	123,587
TOTAL LIABILITIES AND NET ASSETS	$ 1,023,291	$ 910,123

The accompanying notes and schedules are part of these consolidated financial statements.

CALGARY HEALTH REGION

CONSOLIDATED STATEMENT OF OPERATIONS

MARCH 31, 2002
(thousands of dollars)

	2002		2001
	Budget (Note 12)	Actual	Actual
Revenue			
Alberta Health and Wellness contributions (Note 13)	$ 1,235,181	$ 1,249,597	$ 1,073,684
Other government contributions (Note 14)	19,765	17,156	13,270
Fees and charges	88,080	94,714	89,415
Ancillary operations, net (Note 15)	9,355	9,264	9,422
Donations	4,916	5,688	4,833
Investment and other income (Note 16)	43,194	46,183	41,094
Amortization of external capital contributions (Note 9)	38,356	36,911	34,331
TOTAL REVENUE	1,438,847	1,459,513	1,266,049
Expenses (Schedule 1)			
Facility-based inpatient acute services	405,695	414,937	335,359
Facility-based emergency and outpatient services	174,202	173,776	149,683
Facility-based continuing care services (Note 17)	160,390	167,243	146,793
Community and home-based services	96,446	93,772	81,547
Diagnostic and therapeutic services	290,662	290,861	258,142
Promotion, prevention and protection services	35,094	36,321	27,308
Research and education	18,327	18,427	16,734
Administration (Note 18)	61,483	50,733	49,071
Information technology and alberta we/net (Note 19)	38,955	39,088	35,957
Support services (Note 20)	163,365	156,867	145,929
Amortization of facilities and improvements	17,228	17,715	18,168
TOTAL EXPENSES	1,461,847	1,459,740	1,264,691
(Deficiency) excess of revenue over expense	$ (23,000)	$ (227)	$ 1,358

The accompanying notes and schedules are part of these consolidated financial statements

CALGARY HEALTH REGION

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS

MARCH 31, 2002
(thousands of dollars)

	2002				2001
	Unrestricted (Note 10)	Internally Restricted (Note 11)	Investment in Capital Assets	Total	Total
(Deficiency) excess of revenue over expense	$ (227)	$ -	$ -	$ (227)	$ 1,358
Capital assets purchased with internal funds	(15,895)	(2,450)	18,345	-	-
Amortization on internally funded capital assets	15,189	-	(15,189)	-	-
Net book value of disposed assets, internally funded	4,382	-	(4,382)	-	-
Other (Note 10)	-	(1,000)	-	(1,000)	-
Repayment of obligation under capital leases	(236)	-	236	-	-
Net change	3,213	(3,450)	(990)	(1,227)	1,358
Transfer to internally restricted	(17,190)	17,190	-	-	-
Balance, beginning of year	30,373	3,450	89,764	123,587	122,229
Balance, end of year	$ 16,396	$ 17,190	$ 88,774	$ 122,360	$ 123,587

The accompanying notes and schedules are part of these consolidated financial statements

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CALGARY HEALTH REGION

CONSOLIDATED STATEMENT OF CASH FLOWS

MARCH 31, 2002
(thousands of dollars)

	2002		2001
	Budget	Actual	Actual
Cash generated from:			
Operating activities:			
(Deficiency) excess of revenue over expense	$ (23,000)	$ (227)	$ 1,358
Non-cash transactions:			
Amortization of capital equipment - internally funded	13,600	13,353	11,965
- externally funded	19,042	18,854	17,172
Amortization of facilities and improvements including ancillary	17,228	19,893	18,874
Net gain on disposal of assets	-	(1,888)	-
Amortization of external capital contributions (Note 9)	(38,356)	(36,911)	(34,331)
Increase in non-current deferred contributions	1,249	1,189	33,941
Increase in long-term employee benefit liabilities	1,293	1,333	902
	(8,944)	15,596	49,881
Change in non-cash working capital accounts	16,276	4,413	26,397
Cash generated by operations	7,332	20,009	76,278
Investing activities:			
Purchase of capital assets:			
Internally funded			
Equipment	(12,360)	(10,244)	(20,493)
Facilities and improvements	(15,561)	(8,101)	(2,299)
Externally funded (Note 7)			
Equipment	(43,515)	(26,738)	(22,316)
Facilities and improvements	(53,538)	(43,281)	(7,202)
Net change in non-current cash and investments	40,410	(117,301)	(56,686)
Proceeds on disposal of facilities	6,550	6,270	-
Cash used for investing activities	(78,014)	(199,395)	(108,996)
Financing activities:			
Capital contributions, net of refunds (Note 7)	44,000	126,995	113,255
Change in contributions receivable	-	45,646	(63,844)
Decrease in obligation under capital leases	(236)	(236)	(222)
Other (Note 10)	-	(1,000)	-
Cash generated from financing activities	43,764	171,405	49,189
Increase (decrease) in current cash and temporary investments	(26,918)	(7,981)	16,471
Current cash and temporary investments, beginning of year	139,514	138,262	121,791
Current cash and temporary investments, end of year	$ 112,596	$ 130,281	$ 138,262

The accompanying notes and schedules are part of these consolidated financial statements.

CALGARY HEALTH REGION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2002

Note 1 Authority, Purpose and Operations

The Calgary Regional Health Authority was established June 24, 1994 under the authority of the Regional Health Authorities Act, Chapter R-10, Revised Statutes of Alberta, 2000. The Region adopted the name Calgary Health Region (the "Region") in May 2001. The Region is exempt from payment of income tax and is also a registered charity under the Income Tax Act.

The Region is responsible for delivering appropriate, accessible and affordable health services in Alberta. This responsibility includes operating programs designed to promote, protect, maintain, restore and enhance physical and mental wellbeing.

Operations of the Region include the following facilities and sites:

- Alberta Children's Hospital
- Carewest facilities
    - Colonel Belcher
    - Cross Bow
    - Dr. Vernon Fanning Centre
    - George Boyack
    - Glenmore Park
    - Nickle House
    - Royal Park
    - Signal Pointe
    - Sarcee
- Foothills Hospital
- Peter Lougheed Centre
- Rockyview General Hospital
- 8th and 8th Community Centre, Airdrie Regional Health Centre and fourteen other community health centres in the Region
- Home care services
- Long term care services through voluntary and private agencies
- Provincial Laboratory for Southern Alberta

These financial statements do not include the assets, liabilities and operations of any voluntary or private facilities providing health care services in the region. Certain information on these facilities is disclosed in Note 21(c).

Note 2 Significant Accounting Policies and Reporting Practices

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles and the reporting requirements of Financial Directive 19 issued by Alberta Health and Wellness. The following are the significant accounting policies:

(a) Basis of Presentation

(1) These financial statements have been prepared on a consolidated basis, except that Foundations are not consolidated. Information on Foundations is disclosed in Note 21(b).

The Region consolidates the Calgary Health Region and its wholly owned subsidiary, Carewest, and proportionately consolidates its 49.99% interest in Calgary Laboratory Services.

(2) These consolidated financial statements have been prepared using the deferral method, the key elements of which are:

(i) Unrestricted operating grants and other contributions are recognized as revenue in the year receivable.

(ii) Externally restricted non-capital contributions are recognized as revenue in the year when related expenses are incurred.

(iii) Externally restricted capital contributions are recorded as deferred capital contributions until invested in capital assets. Amounts invested, representing externally funded capital assets, are then transferred to unamortized external capital contributions. Unamortized external capital contributions are recognized as revenue in the period in which the related amortization expense of the funded capital asset is recorded.

(iv) Restricted contributions to purchase capital assets which will not be amortized are recorded as direct increases to net assets.

(v) Unrestricted investment income is recognized in the year earned.

(vi) Investment income subject to external restrictions is, depending on the nature of the restriction, recorded as a direct increase to net assets, or deferred and recognized as revenue in the year the related expenses are incurred.

(vii) Donations and contributions in kind are recorded at fair value when such value can reasonably be determined.

(b) Full Cost

The Region accounts for all costs and revenues related to services carried out for which it is responsible. The fair value of costs of service is recorded. Fair value transactions consist of the following:

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(b) Full Cost (continued)

(i) Revenue earned by contracted health service operators from Ministry of Health and Wellness designated fees and charges is recorded as fees and charges of the Region. An equivalent amount is recorded as contracted health service operator expense of the Region.

(ii) Payments from Alberta Health and Wellness directly to contracted health service operators for health programs are recorded as revenue and an equivalent amount recorded as program expenses as these payments represent part of the cost of the Region's health programs.

(iii) The fair value for use of non-acute care facilities not owned by the Region and provided to the Region at zero or nominal rent is recorded as other government contributions and as program expenses.

(iv) Other assets, supplies and service contributions that would otherwise have been purchased are recorded as revenue and expenses, at fair value at the date of contribution, when a fair value can be reasonably determined. Volunteers contribute a significant amount of time each year to assist the Region in carrying out its programs and services. However, contributed services of volunteers are not recognized as revenue and expenses in these financial statements because fair value cannot be reasonably determined.

(c) Employee Future Benefits

The Region participates in the Local Authorities Pension Plan. This is a multi-employer defined benefit pension plan that provides pensions for the Region's participating employees, based on years of service and earnings.

Defined contribution plan accounting is applied to a multi-employer defined benefit plan for which the Region has insufficient information to apply defined benefit plan accounting

Pension costs included in these financial statements comprise the amount of employer contributions required for its employees during the year, based on rates which are expected to provide for benefits payable under the pension plan. The Region does not record its portion of the pension plan's deficit or surplus.

The Region fully accrues its obligations for employee non-pension future benefits.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(d) Investments

Temporary investments are recorded at lower of cost and market.

Non-current investments are recorded at cost. The cost of disposal is determined on the average cost basis. Gains or losses realized on disposal are recognized in the period of disposal.

Where there has been a loss in the value of an investment other than a temporary decline, the investment is written down to recognize the loss. The written down value is deemed to be the new cost.

(e) Financial Instruments

The carrying value of cash and temporary investments, accounts receivable, contributions receivable, accounts payable and accrued liabilities approximates their fair value because of the short-term maturity of these items.

The carrying value of obligations under capital leases approximates their fair values because the interest rates approximate current market values.

(f) Inventories

Inventories are valued at the lower of cost (defined as moving average) and net replacement value.

(g) Capital Assets

Capital assets including construction in progress are recorded at cost. Assets costing less than $5,000 are expensed.

Capital assets are amortized over their estimated useful lives on a straight-line basis as follows:

Buildings and improvements	10 - 40 years
Equipment	3 - 20 years
Leased buildings	term of lease
Land improvements	5 - 40 years
Building service equipment	10 - 40 years

Construction projects in progress are not amortized until the project is complete.

Leases transferring substantially all of the benefits and risks of ownership of capital assets to the Region are accounted for as acquisitions of capital assets financed by long-term obligations.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(h) Trust Funds Received by the Region for Non-Owned Facilities

The Region receives trust funds from Alberta Infrastructure to be paid to operators of non-owned facilities for capital purposes or facility repairs. These amounts are not reflected in these financial statements but are disclosed in Note 25.

(i) Measurement Uncertainty

The consolidated financial statements by their nature, contain estimates and are subject to measurement uncertainty. The amounts recorded for amortization of capital assets and amortization of external capital contributions are based on estimated useful life of the related assets. Actual results could differ from these estimates.

The Region is currently included in the Goods and Services Tax (GST) free list of Alberta Government entities and therefore does not record or pay GST on purchased supplies and services. This situation could change in future if the Region ceases to be part of the GST free list of Alberta Government.

Note 3 Cash and Investments

	2002	2001
	(thousands of dollars)	
Cash	$ 117,595	$ 27,079
T-Bills, commercial paper and discount notes	107,827	103,769
Bonds	73,966	65,261
Equities	30,750	24,709
Total	$ 330,138	$ 220,818
Analysis:		
Current	$ 130,281	$ 138,262
Non-current	199,857	82,556
	$ 330,138	$ 220,818
Market value of current and non-current cash and investments	$ 335,840	$ 223,015

(i) Income and financial returns on cash and investments are exposed to credit and price risks. Credit risk relates to the possibility that a loss may occur from the failure of another party to perform according to the terms of the contract. Price risk is comprised of interest rate risk and market risk. Interest rate risk relates to the possibility that the investments will change in value due to the future fluctuations in market interest rates. Market risk relates to the possibility that the investments will change in value due to future fluctuations in market prices.

In order to earn optimal financial returns at an acceptable level of risk, management has established a policy asset mix of 0% to 80% for fixed income instruments and 0% to 50% for equities. Non-Canadian equities are further limited to a range between 0% to 10% of the total portfolio. Risk is reduced through asset class diversification, diversification within each asset class and quality constraints on fixed-income and equity instruments.

Note 3 Cash and Investments (continued)

T-bills, commercial paper and discount notes mature between one day and four months and bear interest at an average effective yield of 2.11%. Such financial instruments are limited to a rating of R-1, commercial paper A-1 and R-1 middle or equivalent rated for the balance.

(ii) Publicly traded fixed-income instruments are managed with the objective of providing optimal returns while maintaining maximum security of capital. Return is optimized within risk constraints on the portfolio by management of portfolio duration and issuer mix. Fixed-income securities are invested in bonds with a rating of A or higher.

Fixed income securities, such as bonds, have an effective yield of 5.96% per annum based on the market for securities maturing between two and twenty-seven years. As at March 31, 2002, the securities have the following term structure based on par:

Under 1 year	0%
1 – 5 years	33.44%
5 – 10 years	54.12%
Over 10 years	12.44%

(iii) Equities comprise publicly traded equities in the major stock markets. Risk is reduced by prudent security selection and sector rotation.

Non-current cash and investments represent the following:

	2002	2001
	(thousands of dollars)	
Deferred capital contributions (Note 7)	$ 165,733	$ 108,757
Less capital contributions receivable (Note 4)	(18,198)	(63,844)
Deferred capital contributions received	147,535	44,913
Internally restricted for capital acquisitions and lease payments	15,812	2,200
Internally restricted for other initiatives	1,378	1,250
Externally restricted for long-term care partnerships (Note 17)	35,130	33,941
Other	2	252
	$ 199,857	$ 82,556

Note 4 Capital Contributions Receivable

	2002	2001
	(thousands of dollars)	
Alberta Infrastructure		
Capital projects	$ 17,150	$ 50,000
Alberta Health and Wellness		
Capital equipment and systems	1,048	13,844
	$ 18,198	$ 63,844

Note 5 Capital Assets

	2002			2001
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
		(thousands of dollars)		
Buildings and improvements	$ 549,729	$ 216,445	$ 333,284	$ 341,940
Equipment	315,247	176,910	138,337	137,834
Leased buildings	90,703	27,820	62,883	55,154
Construction in progress	28,251	-	28,251	14,254
Land	23,126	-	23,126	15,737
Land improvements	5,279	2,480	2,799	2,561
Building service equipment	28,686	10,424	18,262	7,580
	$ 1,041,021	$ 434,079	$ 606,942	$ 575,060

(a) Land

Land at the following sites has been provided to the Region at nominal values:

Site	Leased from	Lease Period
Alberta Children's Hospital	Province of Alberta	Expires on April 1, 2012 with an option for renewal for a further ten years.
Peter Lougheed Centre	Province of Alberta	Expires on July 28, 2008 with an option for renewal for a further ten years.

(b) Leased Equipment

Included in equipment are items acquired through capital leases at a cost of $1,185,776 (2001 - $1,183,430) with accumulated amortization of $368,213 (2001 - $248,792). Two capital leases remain which expire in March 2003 and March 2004.

(c) Funding

Capital assets have been funded from the following sources:

	2002	2001
	(thousands of dollars)	
Externally funded (unamortized external capital contributions) (Note 9)	$ 517,916	$ 484,808
Internally funded (investment in capital assets)	88,774	89,764
Financed by capital leases	252	488
	$ 606,942	$ 575,060

Note 6 Deferred Contributions

Deferred contributions represent amounts accounted for in accordance with the accounting policy described in Note 2 (a)(2).

	2002	2001
	(thousands of dollars)	
Amounts received:		
Alberta Health and Wellness contributions	$ 50,398	$ 36,035
Alberta Mental Health Board	8,352	5,845
Other government contributions	5,225	6,498
Other income	5,863	6,260
	69,838	54,638
Less amounts recognized as revenue:		
Alberta Health and Wellness contributions (Note 13)	48,626	30,257
Alberta Mental Health Board	6,931	5,749
Other government contributions (Note 14)	4,197	3,692
Other income (Note 16)	6,680	4,844
	(66,434)	(44,542)
Less transfer of funds related to capital purchases (Note 7)	(4,977)	(3,510)
Change during the year	(1,573)	6,586
Balance, beginning of year	51,333	44,747
Balance, end of year	$ 49,760	$ 51,333

Unspent amounts at the end of the year are as follows:

	2002	2001
	(thousands of dollars)	
Current:		
Alberta Health and Wellness	$ 8,656	$ 8,871
Child health programs	2,398	2,778
Alberta Mental Health Board	1,374	690
Other	2,202	5,053
	14,630	17,392
Long-term:		
Long-term care partnership (Note 17)	35,130	33,941
	$ 49,760	$ 51,333

Note 7 Deferred Capital Contributions

Deferred capital contributions represent amounts accounted for in accordance with the accounting policy described in Note 2(a)(2).

	2002	2001
	(thousands of dollars)	
Amounts received:		
Restricted Alberta Health and Wellness contributions	$ 17,654	$ 8,841
Transferred from deferred contributions (Note 6)	4,977	3,510
Restricted other government contributions	76,922	27,555
Donations restricted for capital purposes	7,428	8,144
Other	2,942	1,554
	109,923	49,604
Capital contributions refunded	(1,126)	(193)
	108,797	49,411
Capital contributions receivable (Note 4)	18,198	63,844
	126,995	113,255
Transferred to unamortized external capital contributions (Note 9)	(70,019)	(29,518)
Change during the year	56,976	83,737
Balance, beginning of year	108,757	25,020
Balance, end of year	$ 165,733	$ 108,757
Balance at the end of the year is restricted for the following purposes:		
Equipment replacement	$ 19,480	$ 18,931
Construction projects	146,253	89,826
	$ 165,733	$ 108,757

Note 8 Obligation Under Capital Leases

	2002	2001
	(thousands of dollars)	
Obligation under capital leases	$ 252	$ 488
Less: current portion	(250)	(236)
Long-term portion	$ 2	$ 252
Future payments for the year ended March 31:		
2003	$ 266	
2004	2	
Amount representing interest	(16)	
Obligation under capital leases	$ 252	

The capital leases expire in March 2003 and March 2004. The implicit interest rates payable on these leases range from 6.18% to 6.49%.

Note 9 Unamortized External Capital Contributions

Unamortized external capital contributions reflect transactions accounted for in accordance with the accounting policy described in Note 2 (a)(2). The balance at the end of the year represents the external capital contributions that will be recognized as revenue in future years.

	2002	2001
	(thousands of dollars)	
Balance, beginning of year	$ 484,808	$ 489,621
Add amounts transferred from deferred capital contributions (Note 7)	70,019	29,518
Less amounts recognized as revenue:		
Amortization of external capital contributions	(36,312)	(33,634)
Amortization – ancillary operations (Note 15)	(599)	(697)
	(36,911)	(34,331)
Balance, end of year	$ 517,916	$ 484,808

Note 10 Unrestricted and Internally Restricted Net Assets

The balance of unrestricted and internally restricted net assets can be analyzed as follows:

	2002
	(thousands of dollars)
Unrestricted and internally restricted net assets at regionalization – April 1, 1995	$ 30,433
Changes since regionalization:	
Cumulative operating surplus	43,912
Investment in capital assets (net of amortization)	(39,759)
Transfer to Calgary Health Trust [1]	(1,000)
Balance	$ 33,586
Unrestricted	$ 16,396
Internally restricted [1]	17,190
	$ 33,586

[1] In 1988 – 1989, the Foothills Hospital Board designated $1,000,000 to create a Research and Development Fund – Centre for the Advancement of Health. The fund was intended to be an endowment fund, whereby the interest earned on the capital was used for research initiatives. On February 1, 2002, the original $1,000,000 Research and Development Fund – Centre for the Advancement of Health was transferred from the Region to the Calgary Health Trust. In keeping with the original intent of the Foothills Hospital Board, the transfer was accounted for as a reduction to the internally restricted net assets of the Region.

Note 11 Internally Restricted Net Assets

Amounts internally restricted by the Region represent funds restricted for the following purposes:

	2002	2001
	(thousands of dollars)	
Amounts restricted for capital commitments	$ 7,768	$ -
Future capital replacement	7,794	2,200
Other	1,628	1,250
	$ 17,190	$ 3,450

Note 12 Budget

	Approved Budget [1]	Adjustments [2]	Reported Budget
		(thousands of dollars)	
Revenue			
Alberta Health and Wellness contributions	$ 1,234,371	$ 810	$ 1,235,181
Other government contributions	18,256	1,509	19,765
Fees and charges	87,646	434	88,080
Ancillary operations, net	10,727	(1,372)	9,355
Donations	4,911	5	4,916
Investment and other income	48,245	(5,051)	43,194
Amortization of external capital contributions	38,356	-	38,356
	1,442,512	(3,665)	1,438,847
Expenses			
Facility-based inpatient acute services	412,457	(6,762)	405,695
Facility-based emergency and outpatient services	175,321	(1,119)	174,202
Facility-based continuing care services	155,576	4,814	160,390
Community and home-based services	102,809	(6,363)	96,446
Diagnostic and therapeutic services	287,872	2,790	290,662
Promotion, prevention and protection services	37,043	(1,949)	35,094
Research and education	18,079	248	18,327
Administration	46,492	14,991	61,483
Information technology and alberta we net	44,347	(5,392)	38,955
Support services	160,932	2,433	163,365
Amortization of facilities and improvements	24,584	(7,356)	17,228
	1,465,512	(3,665)	1,461,847
Deficiency of revenue over expense	$ (23,000)	$ -	$ (23,000)

(1) The budget was approved by the Board of the Region on November 20, 2001 and approved by the Minister of Alberta Health and Wellness on December 18, 2001. The approved budget reflects the reduction in funding announced during the fiscal year by the Minister of Health and Wellness.

(2) Adjustments relate to classification changes to ensure budgeted revenue and expenditures conform with actual reporting classifications.

Note 13 Alberta Health and Wellness Contributions

	2002 Budget	2002 Actual	2001 Actual
		(thousands of dollars)	
Unrestricted contributions	$ 1,195,402	$ 1,199,884	$ 1,042,290
Transfers from deferred contributions (Note 6)	38,669	48,626	30,257
Restricted contributions made directly by Alberta Health and Wellness to contract operators (Note 21(c))	1,110	1,087	1,137
	$ 1,235,181	$ 1,249,597	$ 1,073,684

Note 14 Other Government Contributions

	2002 Budget	2002 Actual	2001 Actual
		(thousands of dollars)	
Alberta Mental Health Board	$ 17,167	$ 12,681	$ 9,450
Restricted transfers from deferred contributions (Note 6)	2,321	4,197	3,692
Other	277	278	128
	$ 19,765	$ 17,156	$ 13,270

Note 15 Ancillary Operations

	2002					2001
	(thousands of dollars)					
	Non-Patient Food Services	Parking Operations	Other Ancillary	Total	Budget	Total
Revenue	$ 8,171	$ 10,447	$ 4,299	$ 22,917	$ 22,657	$ 21,835
Amortization of deferred capital contributions	15	584	-	599	-	697
	8,186	11,031	4,299	23,516	22,657	22,532
Expenses						
Other expenses	8,161	2,933	2,482	13,576	13,300	12,351
Amortization	25	651	-	676	2	759
	8,186	3,584	2,482	14,252	13,302	13,110
Excess of revenue over direct expense 2001/02	$ -	$ 7,447	$ 1,817	$ 9,264	$ 9,355	$ 9,422
Excess of revenue over direct expense 2000/01	$ 780	$ 7,200	$ 1,442	$ 9,422		

Note 16 Investment and Other Income

	2002 Budget	2002 Actual	2001 Actual
		(thousands of dollars)	
Transferred from deferred contributions (Note 6)	$ 6,248	$ 6,680	$ 4,844
Investment income	5,619	6,922	10,051
Other income	31,327	32,581	26,199
	$ 43,194	$ 46,183	$ 41,094

Investment income comprises interest, dividends, amortization of discounts and premiums and net gains on disposal of investments.

Other income includes third party recoveries, grants, and other miscellaneous items.

Note 17 Long-term care partnership

Facility-based continuing care services include expenses associated with long-term care partnership projects of $530,000 (2001 - $18,402).

The Government has supported long term care partnership projects by providing one-time, up-front capital to enable the Region to make annual supplementary payments to the partners over the term of the partnership contracts. Amounts invested under the terms of long-term care partnership agreements will be utilized to fund future payments to operators over the next 30 years. These payments have a net present value of $30.6 million at March 31, 2002 (2001 - $33.2). The Region is subject to risk in that the invested amounts may not earn a rate of return adequate to meet the payments as they become due. The investments have a cost of $35.1 million (2001 - $33.9) and market value at March 31, 2002 of $36.2 million (2001 - $33.7).

Note 18 Administration

	2002		2001
	Budget	Actual	Actual
	(thousands of dollars)		
General administration	$ 31,054	$ 24,099	$ 24,972
Finance	12,336	9,849	9,382
Personnel	15,163	14,911	13,074
Amortization	2,930	1,874	1,643
	$ 61,483	$ 50,733	$ 49,071

Note 19 Information technology and alberta we net

	2002		2001
	Budget	Actual	Actual
	(thousands of dollars)		
alberta we net	$ 840	$ -	$ 3,331
Information systems support	31,176	33,078	27,096
Amortization	6,939	6,010	5,530
	$ 38,955	$ 39,088	$ 35,957

alberta we net is the province-wide, strategic initiative to build a health information network. The initiative brings together a broad spectrum of health professionals to use information technology to improve health service delivery to all Albertans.

Note 19 Information technology and alberta we net (continued)

There were no we net related costs for the current fiscal year ended March 31, 2002 as they were borne by Alberta Health and Wellness. For the fiscal year ended March 31, 2001, and in accordance with generally accepted accounting principles, $3,331,000 was expensed and $2,036,000 was capitalized. The Region's previous years' contributions have been applied towards planning and pre-development activities that have produced clinical and administrative deliverables beginning in 2000-2001, or to develop applications to support we net initiatives.

Note 20 Support Services

	2002		2001
	Budget	Actual	Actual
	(thousands of dollars)		
Biomedical engineering	$ 2,800	$ 2,888	$ 2,663
Building maintenance, operations and security	45,766	46,495	45,416
Communications	4,657	5,211	4,521
Education and library services	4,457	4,805	4,475
Housekeeping	20,413	20,343	17,632
Supply management	28,472	26,975	25,991
Patient food services	19,539	19,577	19,417
Patient health records	17,562	12,542	11,862
Patient registration	13,460	11,323	8,115
Other	6,239	6,708	5,837
	$ 163,365	$ 156,867	$ 145,929

Note 21 Related Parties

(a) Province of Alberta

The Region is established under the Regional Health Authorities Act. Effective October 16, 2001, two-thirds of the members of the Board are elected. The Minister of Health and Wellness appoints the remaining members. Transactions between the Region and the Province are disclosed in the Consolidated Statement of Operations and Notes 6, 7, 13 and 14 to the consolidated financial statements.

(b) Foundations

The following controlled foundations are not consolidated in these financial statements:

(i) Calgary Health Trust

Calgary Health Trust is considered a controlled foundation as the Region appoints the majority of the voting members of the Foundation's Board of Directors. The purpose of the Trust is to benefit the Region, each facility within the Region and individual health programs and services operated by the Region and to hold funds for its own account and without restriction to manage endowment funds received from any source.

Note 21 Related Parties (continued)

(i) Calgary Health Trust (continued)

	Calgary Health Trust 2002 [1]	Calgary Health Trust 2001 Restated [2]
	(thousands of dollars)	
Total assets	$ 48,991	$ 48,237
Total liabilities	9,909	8,409
Net assets	$ 39,082	$ 39,828
Revenue	$ 17,256	$ 15,353
Expenditures, including charitable disbursements	18,002	12,874
Excess (deficiency) of revenue over expenditures	$ (746)	$ 2,479
Accounts payable to the Region from Calgary Health Trust	$ 273	$ 183
Cash flow		
Contributions and investment income	$ 17,714	$ 18,391
Charitable disbursements	$ 15,442	$ 10,139
Administrative support from the Region	$ 65	$ 156
Resources held:		
Externally restricted	$ 37,087	$ 37,496
Unrestricted	1,995	2,332
	$ 39,082	$ 39,828

(1) Commencing March 31, 2001, the Trust prospectively changed its method of accounting for investments to market from cost. In order to establish the opening position based on market values, the statement of financial position as at March 31, 2001 was adjusted to reflect the carrying value of the investments at market and the accumulated unrealized gains at that date were allocated to the various fund balances. Accordingly, the statement of operations of the Trust is not comparable between the 2002 and 2001 fiscal years to the extent that unrealized gains were not recorded in 2001.

(2) The numbers originally reported in the March 31, 2001 audited statements were based on preliminary results which did not differ materially from the actuals.

Note 21 Related Parties (continued)

(ii) Other Foundations

The Region has an economic interest in the foundations listed in the following table which raise funds to benefit the Region and other health related entities. The resources held by these foundations are not necessarily limited for use by the Region.

The foundations listed in the following table are registered charities under the Income Tax Act.

Contributions to the Region during the year by the foundations listed in the following table and resources held by these foundations at the year end to support health care are as follows:

	Contributions received by the Region, Year ended March 31		Resources held by Foundations at March 31, 2002		
	(thousands of dollars)				
	2002	2001	Externally Restricted [1]	Internally Restricted [2]	Unrestricted
Alberta Children's Hospital Foundation	$ 2,754	$ 3,170	$ 12,911	$ 31,565	$ -
The Grace Foundation [3]	342	727	3,936	-	243
	$ 3,096	$ 3,897	$ 16,847	$ 31,565	$ 243

[1] Externally restricted amounts are for equipment, programs, research and education.

[2] In order to build an endowment to meet the future funding needs of the Alberta Children's Hospital, the Foundation's Board of Directors internally restricts funds donated through bequests and any excess revenue over expenses in the operating fund not otherwise internally restricted for managing short term market fluctuations.

[3] On April 2, 2002, The Grace Foundation wound up pursuant to a merger agreement between the Grace Foundation, Calgary Health Trust and The Salvation Army. Of the $4,179,305 net assets of the Grace Foundation, $3,563,300 was transferred to the Calgary Health Trust and $616,005 was allocated to The Salvation Army.

The value of administrative support provided to these foundations and the accounts receivable from these foundations at the year end are as follows:

	Administrative Support 2002	Administrative Support 2001	Accounts Receivable 2002	Accounts Receivable 2001
	(thousands of dollars)			
Alberta Children's Hospital Foundation	$ 9	$ 9	$ 393	$ 208

Note 21 Related Parties (continued)

(c) Voluntary and Private Health Service Operators

The Region contracts with voluntary and private health service operators to provide health services in the Region. The Region has an economic interest in the following voluntary and private health providers as it transfers significant resources to these entities.

	2002				2001
	Direct Region Funding	Direct Funding by Alberta Health & Wellness (Note 13)	Approved Patient Fees & Charges	Total	Total
	(thousands of dollars)				
Facility Name:					
Private laboratories	$ 101,110	$ -	$ -	$ 101,110	$ 89,168
Beverly Centre	8,715	408	2,305	11,428	8,683
Bow-Crest Nursing Home	4,174	-	1,495	5,669	5,013
Central Park Lodges	3,364	-	1,167	4,531	4,212
Extendicare Cedars Villa	7,129	-	2,437	9,566	8,492
Extendicare Hillcrest	3,308	307	1,097	4,712	4,262
Extendicare Scottish	1,360	-	410	1,770	1,542
Forest Grove Care Centre	7,314	-	2,349	9,663	9,282
Intercare Brentwood	3,653	-	1,157	4,810	4,417
Intercare Chinook	4,698	-	1,486	6,184	5,490
Intercare Southwood	5,099	-	1,519	6,618	4,564
Travois Holdings Glamorgan	1,521	-	485	2,006	1,880
Travois Holdings Mayfair	4,515	-	1,408	5,923	5,603
Bethany Care Centre Airdrie	2,403	-	767	3,170	2,782
Bethany Care Centre Calgary	16,767	-	4,124	20,891	22,929
Bethany Care Centre Harvest Hills [1]	2,884	-	624	3,508	3,267
Bethany Care Centre Cochrane	2,533	-	797	3,330	3,008
Bow View Nursing Home	6,636	372	1,828	8,836	8,529
Father Lacombe Nursing Home	3,918	-	1,113	5,031	4,697
Wentworth Court	2,525	-	778	3,303	-
Holy Cross Chronic Care	1,668	-	383	2,051	-
Other community agencies	14,243	-	-	14,243	9,687
Physiotherapy providers	7,702	-	-	7,702	7,638
Homecare providers	39,160	-	-	39,160	39,460
Facility fees	1,331	-	-	1,331	3,599
	$ 257,730	$ 1,087	$ 27,729	$ 286,546	$ 258,204

Reported in the following expense categories:	2002	2001
Facility-based inpatient acute services	$ -	$ 32
Facility-based emergency and outpatient services	1,821	4,250
Facility-based continuing care services	113,605	97,487
Community and home-based services	49,869	45,944
Diagnostic and therapeutic services	108,996	98,405
Promotion, prevention and protection services	5	280
Administration and support services	12,250	11,806
	$ 286,546	$ 258,204

[1] The Region holds a non-interest bearing collateral mortgage which is not reported in the financial statements. The mortgage is being forgiven at 3 1/3% of the principal amount per annum. The balance remaining at March 31, 2002 is $3,987,500 (2001 - $4,132,500).

Note 21 Related Parties (continued)

(d) Other

Various volunteer and auxiliary associations solicit donations, operate gift shops and undertake fund raising activities to provide operating and capital donations to further the objectives of the Region.

Note 22 Surgical Services Contracts

The Region has entered into contracts with the following surgical facilities pursuant to the *Health Care Protection Act*.

Service	Entity	Term of Contract	Annual Value of Contracts	Total Expense at March 31 2002 [1]	Total Expense at March 31 2001
			(thousands of dollars)		
Ophthalmology		October 1, 2000 -	$	$	$
	Holy Cross Surgical	September 30, 2002	2,000	1,475	1,146
	Gimbel Eye Centre		900	599	559
	Surgical Centres Inc		1,100	1,328	416
	Rocky Mountain Surgical Services		543	571	292
	Mitchell Eye Centre		440	284	277
Oral Surgery		November 1, 2000 -	80		
	Brian Whitestone, Prof. Corp	September 30, 2002		24	8
	Donald J. Wakeham, Prof. Corp			4	-
	Douglas J. Vincelli, Prof. Corp			37	8
	Francis Skulsky, Prof. Corp			5	1
	Hedd Wyn Lloyd Williams, Prof. Corp			4	1
	John W. Conley, Prof. Corp			1	2
	Brian Abrams, Prof. Corp			5	1
	Terrence A. Summers			14	10
Pregnancy Terminations	Kensington Clinic	October 1, 2000 - September 30, 2002	1,350	849	349
			$ 6,413	$ 5,200	$ 3,070

Payments to these accredited surgical facilities are reported under facility-based emergency and outpatient services in the Consolidated Statement of Operations.

[1] The actual expenditure amounts have not exceeded the approved annual value of the contract amounts. The difference relates to the timing of contract dates.

Note 23 Pension Costs

The Region participates in the Local Authorities Pension Plan which is a multi-employer defined benefit plan. The pension expense recorded in these consolidated financial statements is equivalent to the Region's annual contributions payable of $16,626,064 for the year ended March 31, 2002 (2001 - $13,488,520).
At December 31, 2001, the Local Authorities Pension Plan reported a surplus of $634,960,000 (2000 - $883,823,000).

Note 24 Commitments and Contingencies

The Region is committed to future operating lease payments of $39,952,856 until 2012. Future annual commitments are as follows:

Year ended March 31	(thousands of dollars)
2003	$ 7,922
2004	5,501
2005	4,267
2006	4,004
2007	3,896
Thereafter	14,363
Total	$ 39,953

The Region has outstanding commitments for capital projects totaling $44,718,875. The total commitments represent $5,909,338 for new equipment, $6,780,417 for ITS systems development and $32,029,120 for construction which will be capitalized by March 31, 2003.

In addition, the Region contracts on an ongoing basis with voluntary, private and community health service operators to provide acute and continuing care health services in the Region (Note 21(c)). The Region has contracted for services in the year ending March 31, 2003 similar to those provided by these operators in 2002.

In the ordinary course of operations, various claims and lawsuits are brought against the Region. While it is not possible to estimate the ultimate liability with respect to the pending litigation, the Region believes there will be no material adverse affect on the financial position of the Region.

Note 25 Trust Funds

The Region receives funds from Alberta Infrastructure for non-owned facilities for capital purposes and facility repairs. These amounts are not reported in the consolidated financial statements. During the year the Region received $3,782,000 (2001 - $500,000) and disbursed $110,392 (2001 - $1,039,344) for capital and facility repairs for non-owned facilities. The balance of funds held by the Region is $3,839,971 (2001 - $168,363).

The Region receives other trust funds, including funds for research and development, education and other miscellaneous programs. The balance of these funds held by the Region as at March 31, 2002 is $4,186,264 (2001 - $4,337,422).

Note 26 Physician Payments

The cost of physician fees paid by Alberta Health and Wellness for services rendered to the residents of the Calgary Health Region amounted to $360,922,397 (2001 - $323,402,507). These amounts are not reflected in the consolidated financial statements.

Note 27 Comparative Figures

Certain 2001 and 2000 figures have been reclassified to conform to 2002 presentation.

Note 28 Approval of Financial Statements

These consolidated financial statements have been approved by the Region.

Schedule 1

CALGARY HEALTH REGION

CONSOLIDATED SCHEDULE OF EXPENSES BY OBJECT

FOR THE YEAR ENDED MARCH 31, 2002

(thousands of dollars)

	2002		2001
	Budget	Actual	Actual
Salaries, benefits, allowances and severance (Schedule 2)	$ 758,517	$ 751,051	$ 630,672
Contracts with health service operators (Note 21 (c))	274,229	286,546	258,204
Contracts under the Health Care Protection Act (Note 22)	4,976	5,200	3,070
Drugs, gases, medical and surgical supplies	126,106	125,983	110,406
Other contracted services	104,705	119,638	86,667
Other	156,746	135,362	140,771
Amortization			
Capital equipment – internally funded	13,600	13,353	11,965
Capital equipment – externally funded	19,042	18,854	17,172
Facilities and improvements	17,228	18,005	18,874
	1,475,149	1,473,992	1,277,801
Less amounts reported in ancillary operations (Note 15)	(13,302)	(14,252)	(13,110)
	$ 1,461,847	$ 1,459,740	$ 1,264,691

Schedule 2

CALGARY HEALTH REGION

CONSOLIDATED SCHEDULE OF SALARIES, HONORARIA, BENEFITS, ALLOWANCES AND SEVERANCE

FOR THE YEAR ENDED MARCH 31, 2002

(thousands of dollars)

		2002							2001	
						Severance				
		Number of FTE's	Salaries and Honoraria	Benefits and Allowances	Subtotal	Number of FTE's	Amount	Total	Number of FTE's	Total
Board Compensation										
Chairperson										
David Tuer	From October 16, 2001	0.50	$ 3	$ -	$ 3	-	$ -	$ 3	-	$ -
Jim Dinning	To October 15, 2001	0.50	5	-	5	-	-	5	1.00	6
Board Members										
Bradley Berard	From October 16, 2001	0.50	4	-	4	-	-	4	-	-
Diane Caletfi	From October 16, 2001	0.50	3	-	3	-	-	3	-	-
Harvey Cenaiko	To March 16, 2001	-	-	-	-	-	-	-	0.95	12
Wendy Clark	From October 16, 2001	0.50	4	-	4	-	-	4	-	-
Wayne Coutchene	To October 15, 2001	0.50	8	-	8	-	-	8	1.00	10
Susan Desharats		1.00	9	-	9	-	-	9	1.00	9
Sandy Dougall		1.00	10	-	10	-	-	10	1.00	9
Jean Fraser	To October 15, 2001	0.50	3	-	3	-	-	3	1.00	7
Loreen Gilmour	From October 16, 2001	0.50	4	-	4	-	-	4	-	-
Eileen Grant		1.00	12	-	12	-	-	12	1.00	16
Scobey Hartley	To February 28, 2001	-	-	-	-	-	-	-	0.90	-
Azim Jiwani	To October 15, 2001	0.50	3	-	3	-	-	3	1.00	6
Bruce Libin	To October 15, 2001	0.50	3	-	3	-	-	3	1.00	7
Shelley Mabbott		1.00	5	-	5	-	-	5	1.00	6
Lynn Martin	From October 16, 2001	0.50	4	-	4	-	-	4	-	-
Mairi Matheson	From October 16, 2001	0.50	3	-	3	-	-	3	-	-
N.D. (Skip) Mcdonald		1.00	2	-	2	-	-	2	1.00	2
Don Mcleod	From October 16, 2001	0.50	4	-	4	-	-	4	-	-
Dr. John Morgan		1.00	10	-	10	-	-	10	1.00	9
John A. Murdoch	From October 16, 2001	0.50	3	-	3	-	-	3	-	-
Donna Rose	To October 15, 2001	0.50	6	-	6	-	-	6	1.00	10
William Sembo	To October 15, 2001	0.50	-	-	-	-	-	-	1.00	-
Total honoraria		14.00	$ 108	$ -	$ 108	-	$ -	$ 108	14.85	$ 109

CALGARY HEALTH REGION

CONSOLIDATED SCHEDULE OF SALARIES, HONORARIA, BENEFITS, ALLOWANCES AND SEVERANCE

FOR THE YEAR ENDED MARCH 31, 2002

(thousands of dollars)

Schedule 2 (continued)

	2002							2001	
					Severance				
	Number of FTE's	Salaries and Honoraria	Benefits and Allowances	Subtotal	Number of FTE's	Amount	Total	Number of FTE's	Total
Staff Compensation									
Chief Executive Officer	1.00	$ 457	$ 38	$ 495			$ 495	1.00	$ 445
Management person (s) reporting to the CEO									
Executive Director to the CEO	1.00	120	14	134			134	1.00	117
Executive Vice President and Chief Operating Officer	1.00	290	51	341			341	1.00	336
Senior Vice President and Chief Medical Officer	1.00	374		374			374	1.00	345
Vice President and Chief Nursing Officer	1.00	181	26	207			207	0.33	57
Vice President, Corporate Services and Chief Financial Officer	1.00	256	29	285			285	1.00	296
Vice President Communications	1.00	170	26	196			196	1.00	181
Vice President Capital Development	0.83	231	44	275			275		
Vice President Human Resources	1.00	217	42	259			259	1.00	205
Advisor to President and CEO	0.07	19	1	20			20		
Other management person(s) reporting to those above (avg. 2002 $145; avg. 2001 $154) (excluding severance) (avg. sev. 2002 $61; avg. sev. 2001 $66)	33.31	4,307	515	4,822	2.00	121	4,943	31.58	4,743
Other management (avg. 2002 $88; avg. 2001 $82) (excluding severance) (avg. sev. 2002 $42; avg. sev. 2001 $58)	412.64	31,893	4,515	36,408	24.00	1,019	37,427	406.92	34,221
Medical doctors not included above (avg. 2002 $110; avg. 2001 $110) (excluding severance) (avg. sev. 2002 $0; avg. sev. 2001 $17)	7.83	787	78	865			865	7.96	891
Regulated nurses not included above (avg. 2002 $67; avg. 2001 $59) (excluding severance) (avg. sev. 2002 $13; avg. sev. 2001 $10)	5,152.62	302,771	43,395	346,166	5.00	65	346,231	4,716.66	276,283
Other health technical and professional (avg. 2002 $64; avg. 2001 $60) (excluding severance) (avg. sev. 2002 $7; avg. sev. 2001 $14)	2,042.27	114,639	16,962	131,601	3.00	22	131,623	1,802.21	108,207
Unregulated health service providers (avg. 2002 $34; avg. 2001 $32) (excluding severance)	1,287.22	37,457	5,998	43,455			43,455	1,117.74	35,941
Other staff (avg. 2002 $42; avg. 2001 $39) (excluding severance) (avg. sev. 2002 $16; avg. sev. 2001 $14)	4,395.40	156,969	25,933	182,902	57.00	911	183,813	4,316.21	168,291
Staff compensation	13,340.19	$ 651,138	$ 97,667	$ 748,805	91.00	$ 2,138	$ 750,943	12,406.61	$ 630,563
Total	13,354.19	$ 651,246	$ 97,667	$ 748,913	91.00	$ 2,138	$ 751,051	12,421.46	$ 630,672

Schedule 2 (continued)

CALGARY HEALTH REGION

CONSOLIDATED SCHEDULE OF SALARIES, HONORARIA, BENEFITS, ALLOWANCES AND SEVERANCE

FOR THE YEAR ENDED MARCH 31, 2002

1. The full time equivalents (FTE's) is based on the number of hours worked in a standard work year, which generally is 2,022.75 hours for most occupation groups.

   Total actual discrete number of individuals employed: 19,236 (2001 – 18,138).

2. Salaries include regular base pay, overtime, lump sum payments, honoraria and any other direct cash remuneration including sick leave, short-term disability and vacation.

3. Benefits and allowances include the employer's share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, out of country medical benefits, group life insurance, accidental death and dismemberment, long-term disability plans, Canada Pension Plan, employment insurance, workers compensation, car benefits and allowances and tuition.

4. Severance includes all monies paid directly or on behalf of an employee upon termination which are not included in salaries and benefits.

5. The total amount of $751,051,168 is reported in Schedule 1.

6. In 2001 the accrual and pension adjustments were originally reported in aggregate whereas in 2002 the 2001 amounts are restated and reported on an individual line basis.

7. In 2002, the salaries and honoraria for the Chief Executive Officer includes retroactive pay for the 2001 fiscal period.

Schedule 3

CALGARY HEALTH REGION

CONSOLIDATED THREE YEAR

SUMMARY OF REVENUE AND EXPENSES

FOR THE PERIOD COMMENCING APRIL 1, 1999

(thousands of dollars)

	Actual		
	2002	2001	2000
Revenue			
Alberta Health and Wellness contributions	$ 1,249,597	$ 1,073,684	$ 1,030,183
Other government contributions	17,156	13,270	9,823
Fees and charges	94,714	89,415	88,474
Ancillary operations, net	9,264	9,422	10,119
Donations	5,688	4,833	5,755
Investment and other income	46,183	41,094	34,982
Amortization of external capital contributions	36,911	34,331	32,216
TOTAL REVENUE	1,459,513	1,266,049	1,211,552
Expenses			
Facility based inpatient acute services	414,937	335,359	297,361
Facility based emergency and outpatient services	173,776	149,683	125,579
Facility based continuing care services	167,243	146,793	140,509
Community and home based services	93,772	81,547	61,742
Diagnostic and therapeutic services	290,861	258,142	232,841
Promotion, prevention and protection services	36,321	27,308	23,127
Research and education	18,427	16,734	15,569
Administration	50,733	49,071	42,616
Information technology and alberta we/net	39,088	35,957	35,656
Support services	156,867	145,929	134,504
Amortization of facilities and improvements	17,715	18,168	18,617
TOTAL EXPENSES	1,459,740	1,264,691	1,128,121
(Deficiency) excess of revenue over expense	$ (227)	$ 1,358	$ 83,431

#5

Regional Health Authority 5

Financial Statements

March 31, 2002

REGIONAL HEALTH AUTHORITY 5

FINANCIAL STATEMENTS

MARCH 31, 2002

Statement of Management Responsibility

Statement of Financial Position

Statement of Operations

Statement of Changes in Net Assets

Statement of Cash Flows

Notes to the Financial Statements

Schedule 1 – Schedule of Expenses by Object

Schedule 2 – Schedule of Salaries, Honoraria, Benefits, Allowances and Severance

Schedule 3 – Three Year Summary of Revenue and Expenses

AUDITOR
GENERAL
Alberta

AUDITOR'S REPORT

To the Members of the Board of Regional Health Authority 5
and the Minister of Health and Wellness

I have audited the statement of financial position of the Regional Health Authority 5 (the "Authority") as at March 31, 2002 and the statements of operations and changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Authority's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Authority as at March 31, 2002 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Fred J Dunn CA
Auditor General

Edmonton, Alberta
June 12, 2002

REGIONAL HEALTH AUTHORITY 5

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

FINANCIAL STATEMENTS

MARCH 31, 2002

The accompanying financial statements are the responsibility of management and have been approved by the Authority. The financial statements were prepared in accordance with Canadian Generally Accepted Accounting Principles and the Financial Directives issued by Alberta Health and Wellness, and of necessity include some amounts that are based on estimates and judgments.

To discharge its responsibility for the integrity and objectivity of financial reporting, management maintains a system of internal accounting controls comprising written policies, standards and procedures, a formal authorization structure, and satisfactory processes for reviewing internal controls. This system is designed to provide management with reasonable assurance that transactions are in accordance with governing legislation, are properly authorized, reliable financial records are maintained, and assets are adequately accounted for and safeguarded. The Authority has established a code of ethics and corporate directives, which require communication of the code to employees.

The Authority members carry out their responsibility for the financial statements through the Executive Committee. This Committee meets with management and the external auditor, Auditor General of Alberta, to discuss and review financial matters, and recommends the financial statements to the Health Authority 5 Board for approval. The external auditor has full and free access to the Executive Committee.

The external auditor, Auditor General of Alberta, provides an independent audit of the financial statements. His examination is conducted in accordance with Canadian Generally Accepted Auditing Standards and includes tests and other procedures, which allow him to report on the fairness of the financial statements prepared by management.

Mr. Al Martin
Chief Executive Officer

Mrs. Sharon Orum
Chief Financial Officer

REGIONAL HEALTH AUTHORITY 5
STATEMENT OF FINANCIAL POSITION
MARCH 31, 2002
(thousands of dollars)

	2002		2001
	Budget	Actual	Actual
ASSETS			
Current:			
Cash and temporary investments (Note 3)	$ 8,019	$ 10,140	$ 6,999
Accounts receivable	290	541	227
Contributions receivable	-	318	612
Inventories	550	603	521
Prepaid expenses	240	291	237
	9,099	11,893	8,596
Non-current cash (Note 4)	12,147	7,687	12,697
Capital assets (Note 5)	67,565	66,894	53,896
TOTAL ASSETS	$ 88,811	$ 86,474	$ 75,189
LIABILITIES AND NET ASSETS			
Current:			
Accounts payable and accrued liabilities	$ 3,200	$ 7,034	$ 3,180
Accrued vacation pay	2,250	3,063	2,126
Deferred contributions (Note 6)	807	1,532	848
	6,257	11,629	6,154
Deferred capital contributions (Note 7)	8,423	602	8,973
Unamortized external capital contributions (Note 8)	65,241	64,277	51,278
	79,921	76,508	66,405
Net assets:			
Unrestricted (Note 9)	2,203	2,712	1,803
Internally restricted (Notes 9 and 10)	4,169	4,637	4,363
Investment in capital assets	2,518	2,617	2,618
Operating net assets	8,890	9,966	8,784
TOTAL LIABILITIES AND NET ASSETS	$ 88,811	$ 86,474	$ 75,189

The accompanying notes and schedules are part of these financial statements.

REGIONAL HEALTH AUTHORITY 5
STATEMENT OF OPERATIONS
MARCH 31, 2002
(thousands of dollars)

	2002		2001
	Budget (Note 11)	Actual	Actual
Revenue			
Alberta Health and Wellness contributions (Note 12)	$ 51,247	$ 51,695	$ 44,755
Other government contributions (Note 13)	449	338	514
Fees and charges	4,413	4,356	4,382
Ancillary operations, net (Note 14)	(19)	94	78
Donations	52	93	48
Investment and other income (Note 15)	917	1,123	970
Amortization of external capital contributions (Note 8)	2,037	2,051	1,664
TOTAL REVENUE	$ 59,096	$ 59,750	$ 52,411
Expenses (Schedule 1)			
Facility-based inpatient acute care services	$ 9,072	$ 9,218	$ 7,219
Facility-based emergency and outpatient services	2,078	2,022	1,764
Facility-based continuing care services (Note 16)	11,128	10,983	9,654
Community and home-based services	4,161	4,051	3,305
Diagnostic and therapeutic services	9,061	9,008	8,004
Promotion, prevention and protection services	3,005	2,819	2,231
Administration (Note 17)	3,589	3,205	2,419
Information technology and we /net (Note 18)	1,095	1,112	1,006
Support services (Note 19)	14,273	14,692	13,053
Amortization of facilities and improvements	1,634	1,458	1,328
TOTAL EXPENSES	$ 59,096	$ 58,568	$ 49,983
Excess of revenue over expense	$ -	$ 1,182	$ 2,428

The accompanying notes and schedules are part of these financial statements.

REGIONAL HEALTH AUTHORITY 5
STATEMENT OF CHANGES IN NET ASSETS
MARCH 31, 2002
(thousands of dollars)

	2002				2001
	Operating				
	Unrestricted (Note 9)	Internally Restricted (Note 10)	Invested in Capital Assets	Total Operating	Total
Excess of revenue over expense	$ 1,182	$ -	$ -	$ 1,182	$ 2,428
Capital assets purchased with internal funds	(468)	-	468	-	-
Amortization on internally funded capital assets	462	-	(462)	-	-
Disposal of Assets	7	-	(7)	-	-
Net change	1,183	-	(1)	1,182	2,428
Transfer to internally restricted	(274)	274	-	-	-
Balance at beginning of year	1,803	4,363	2,618	8,784	6,356
Balance at end of year	$ 2,712	$ 4,637	$ 2,617	$ 9,966	$ 8,784

REGIONAL HEALTH AUTHORITY 5
STATEMENT OF CASH FLOWS
MARCH 31, 2002
(thousands of dollars)

	2002		2001
	Budget	Actual	Actual
Cash generated from (used by):			
Operating activities:			
Excess of revenue over expense	$ -	$ 1,182	$ 2,428
Non-cash transactions:			
Amortization of capital equipment - internally funded	594	462	564
- externally funded	403	593	336
Amortization of facilities and improvements	1,634	1,458	1,328
Loss on disposal of capital equipment	-	7	-
Amortization of external capital contributions (Note 8)	(2,037)	(2,051)	(1,664)
	594	1,651	2,992
Change in non-cash working capital account	726	2,298	483
Cash generated from operations	$ 1,320	$ 3,949	$ 3,475
Investing activities:			
Purchase of capital assets:			
internally funded	$ (300)	$ (468)	$ (648)
externally funded - equipment	(4,850)	(4,345)	(273)
- facilities & improvements	(11,150)	(10,705)	(13,926)
Change in non-cash working capital account	-	3,021	-
Allocations to non-current cash	550	5,010	(2,723)
Cash used by investing activities	$ (15,750)	$ (7,487)	$ (17,570)
Financing activities:			
Capital contributions received (Note 7)	15,450	6,679	15,598
Cash generated from financing activities	$ 15,450	$ 6,679	$ 15,598
Increase in cash and temporary investments	1,020	3,141	1,503
Cash and temporary investments, beginning of year	6,999	6,999	5,496
Cash and temporary investments, end of year	$ 8,019	$ 10,140	$ 6,999

REGIONAL HEALTH AUTHORITY 5

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2002
(thousands of dollars)

Note 1 Authority, Purpose and Operations

Regional Health Authority 5 (the "Authority") was established June 24, 1994 under the authority of the Regional Health Authority Act, Chapter R-9.07, and Statutes of Alberta 1994. The Authority is exempt from payment of income tax and is a registered charity under the Income Tax Act.

The Authority is responsible for delivering appropriate, accessible and affordable health services in Alberta. This responsibility includes operating programs designed to promote, protect, maintain, restore and enhance physical and mental wellbeing.

The Authority's operations include the following facilities and sites:

Didsbury District Health Services
Drumheller District Health Services
Hanna - Cereal District Health Services
Strathmore District Health Services
Three Hills District Health Services

These financial statements do not include the assets, liabilities and operations of any voluntary or private facilities providing health services in the region. Information on these facilities is disclosed in Note 20 (b).

Note 2 Significant Accounting Policies and Reporting Practices

The financial statements have been prepared in accordance with Canadian Generally Accepted Accounting Principles and the reporting requirements of Financial Directive 19 issued by Alberta Health and Wellness. Following are the significant accounting policies.

(a) Basis of Presentation

(1) These financial statements were prepared using the deferral method, the key elements of which are:

(i) Unrestricted operating grants and other contributions are recognized as revenue in the year receivable.

(ii) Externally restricted non-capital contributions are recognized as revenue in the year proportional to the related expenses incurred.

(iii) Externally restricted capital contributions are recorded as deferred capital contributions until invested in capital assets. Amounts invested, representing externally funded capital assets, are then transferred to Unamortized external capital contributions. Unamortized external capital contributions are recognized as revenue in the period in which the related amortization expense of the funded capital asset is recorded.

(iv) Restricted contributions for the purchase of capital assets which will not be amortized are recorded as direct increases to net assets.

(v) Unrestricted investment income is recognized in the year earned.

(vi) Investment income subject to external restrictions is, depending on the nature of the restriction, recorded as a direct increase to net assets, or deferred and recognized as revenue in the year the related expenses are incurred.

(vii) Donations and contributions in kind are recorded at fair value when such value can reasonably be determined.

(b) Full cost

The Authority accounts for all costs and revenue related to services for which it is responsible.

The fair value of costs of services is recorded. Fair value transactions consist of the following:

(i) Revenue earned by contracted health service operators from Ministry of Health and Wellness designated fees and charges are recorded as fees and charges of the Authority. An equivalent amount is recorded as contracted health service expense of the Authority.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(b) Full cost (continued)

(ii) Alberta Health and Wellness payments directly to contracted health service operators are recorded as revenue and an equivalent amount recorded as program expense as these payments represent part of the cost of the Authority's health programs.

(iii) The fair value for use of acute care facilities not owned by the Authority is recorded as revenue from other government contributions or donations, and also as program expense, since contract payments from the Authority do not include an amount for use of these facilities.

(iv) The fair value for use of non-acute care facilities not owned by the Authority and provided to the Authority at zero or nominal rent is recorded as other government contributions and as program expense.

(v) Other assets, supplies and service contributions that would otherwise have been purchased are recorded as revenue and expenses, at fair value at the date of contribution, when a fair value can be reasonably determined. The value of volunteers' contributed services is not reported in the financial statements because a fair value cannot be reasonably determined.

(c) Employee Future Benefits

The Authority participates in the Local Authorities Pension Plan. This is a multi-employer defined benefit pension plan that provides pensions for the Authority's participating employees, based on years of service and earnings.

Defined contribution plan accounting is applied to a multi-employer defined benefit plan for which the authority has insufficient information to apply defined benefit plan accounting.

Pension costs in the financial statements comprise the employer's contributions required for its employees during the year, based on rates expected to provide benefits payable under the pension plan. The Authority does not record its portion of the plans' deficit or surplus.

The Authority fully accrues its obligations for employee non-pension future benefits.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(d) Investments

Short-term investments are recorded at lower of cost and market.

(e) Financial Instruments

The carrying value of accounts receivable, contributions receivable, accounts payable and accrued liabilities approximates their fair value because of the short-term maturity of these items.

(f) Inventories

Inventories are valued at the lower of moving average cost and net realizable value.

(g) Capital Assets

Capital assets and construction projects in progress are recorded at cost. Capital assets with unit costs less than $5 are expensed.

Capital assets are amortized over their estimated useful lives on a straight-line basis as follows:

	Useful Life
Buildings	20 - 40 years
Land improvements	15 - 20 years
Building service equipment	20 years
Equipment, furniture, and software	5-20 years

Construction projects in progress are not amortized until the project is complete.

(h) Measurement Uncertainty

The financial statements by their nature, contain estimates and are subject to measurement uncertainty. The amounts recorded for amortization of capital assets and amortization of external capital contributions are based on estimates of the useful life of the related assets. Actual results could differ from these estimates. Also, the Authority is currently included in the Goods and Services (GST) free list of Alberta Government entities and therefore does not record or pay GST on purchased supplies and services. This situation could change in future if the Authority ceases to be part of the GST free list of Alberta Government.

i) Trust Funds Received by the Authority for Others

The Authority receives trust funds from patients to pay for personal expenses. These amounts are not reflected in these financial statements but are disclosed in Note 24.

Note 3 Cash and Temporary Investments

	2002	2001
Cash	$ 9,011	$ 5,860
Federal Government Bonds	408	417
Provincial Government Bonds	423	413
Royal Managed Corporate Bonds	298	309
	$ 10,140	$ 6,999

The Government of Canada guarantees federal government bonds maturing at various intervals ending June 1, 2011. The Government of Alberta guarantees provincial government bonds maturing at various intervals ending November 19, 2010. The Royal Managed Corporate Bond Pool fund invests primarily in Corporate Bond securities with a minimum credit rating of A- as rated by the Dominion Bond rating services. Payments from these bonds are backed by the ability of the corporation to pay and are not guaranteed. All bonds held at March 31, 2002 bear interest at rates ranging from 5.17% to 6.38% paid annually. The effective yield on these bonds based on the carrying value at March 31, 2002 is 5.9%.

Note 4 Non-Current Cash

	2002	2001
Externally restricted for capital acquisitions	$ 602	$ 8,973
Internally restricted for capital acquisitions	4,185	3,724
Unrestricted	2,900	-
Non-current cash	$ 7,687	$12,697

Cash held for the purposes of externally restricted capital acquisitions consists of deposits in the Consolidated Cash Investment Trust Fund (CCITF) of the Province of Alberta. The Fund is managed with the objective of providing competitive interest income to depositors while maintaining maximum security and liquidity of depositors' capital. The portfolio is comprised of high-quality short term and mid-term fixed income securities with a maximum term to maturity of five years. Interest is earned on the daily cash balance at the average rate of CCITF earnings, which varies depending on prevailing market interest rates.

Note 5 Capital Assets

	2002			2001
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	$ 1,082	$ -	$ 1,082	$ 1,082
Land Improvements	1,008	752	256	261
Buildings	80,447	22,750	57,697	23,638
Building Service Equipment	485	210	275	299
Equipment, furniture, software	15,809	8,400	7,409	3,921
Construction in progress	175	-	175	24,695
	$99,006	$32,112	$66,894	$53,896

Capital assets have been funded from the following sources:

	2002	2001
Externally funded (unamortized external capital contributions)	$ 64,277	$ 51,278
Internally funded (invested in capital assets)	2,617	2,618
	$ 66,894	$ 53,896

Note 6 Deferred contributions

	2002	2001
Amounts received from:		
Alberta Health and Wellness	$ 1,258	$ 63
Other government		
Alberta Infrastructure	755	418
Other	85	-
Donations	36	113
Investments and other	15	31
	$ 2,149	$ 625
Amounts recognized as revenue:		
Alberta Health and Wellness (Note 12)	$ (1,023)	$ (3)
Other government (Note 13)	(338)	(514)
Other Income	(60)	-
Donations	-	(48)
Refund to Alberta Infrastructure	(14)	(60)
Refund to Alberta Health and Wellness	(30)	-
Refunds to Government of Canada	-	(13)
	(1,465)	(638)
Change during the year	684	(13)
Balance, beginning of year	848	861
Balance, end of year	$ 1,532	$ 848

Unspent amounts at the end of the year are restricted for the following purposes:

	2002	2001
Current:		
Restricted donations	$ 138	$ 102
Alberta Health and Wellness - Healthy Aging	486	570
- Blood Archival	-	50
- Basic Life Support Training	9	7
- Software Reimbursement	-	4
- Young Family Wellness	158	-
- Rural on Call	8	-
- Specialist on Call	7	-
- ICD-10	53	-
Cervical Screening	40	-
Aboriginal Liaison	6	-
Repair and maintenance projects	627	115
	$ 1,532	$ 848

Note 7 Deferred Capital Contributions

The deferred capital contributions balance represents amounts accounted for in accordance with the accounting policy described in Note 2 (a).

	2002	2001
Amounts received:		
Restricted Alberta Health and Wellness	$ 624	$ 550
Investments and other income	10	23
Restricted other government contributions	5,926	14,957
Donations restricted for capital purposes	129	77
Refund to Alberta Infrastructure	(10)	(9)
	6,679	15,598
Transferred to:		
Unamortized external capital contributions (Note 8)	(15,050)	(14,199)
Change during the year	(8,371)	1,399
Balance, beginning of year	8,973	7,574
Balance, end of year	$ 602	$ 8,973

Balance at the end of the year is restricted for the following purposes:

	2002	2001
Equipment replacement	91	725
Betterment of capital assets	511	693
New construction	-	7,555
	$ 602	$ 8,973

Note 8 Unamortized External Capital Contributions

Unamortized external capital contributions reflect transactions accounted in accordance with the accounting policy described in Note 2 (a). The balance at the end of year represents the external capital contribution to be recognized as revenue in future years.

	2002	**2001**
Balance, beginning of year	$ 51,278	$ 38,744
Transfers from deferred capital contributions (Note 7)	15,050	14,199
Unamortized portion of assets	-	(1)
Less amounts recognized as:		
Amortization of External capital contributions	(2,051)	(1,664)
Balance, end of year	$ 64,277	$ 51,278

Note 9 Unrestricted and internally restricted net assets

The Unrestricted and internally restricted net assets balance can be analyzed as follows:

	2002	2001
Unrestricted and internally restricted net assets at regionalization - April 1, 1995	$ 2,871	$ 2,871
Changes since regionalization:		
Cumulative operating surplus	4,681	3,499
Invested in capital assets (net of amortization)	(203	(204)
Balance	$ 7,349	$ 6,166
Unrestricted	$ 2,712	1,803
Internally restricted	4,637	4,363
	$ 7,349	$ 6,166

Note 10 Internally restricted net assets

The Authority has internally restricted the following amounts for:

	2002	2,001
Future equipment replacement	$ 4,185	$ 3,724
Board directed - Needs Assessment	-	150
- Action for Health	-	37
- Future operation projects	452	452
	$ 4,637	$ 4,363

Note 11 Budget

	Approved Budget [(1)]	Reduction in Funding [(2)]	Reported Budget
Revenue			
Alberta Health and Wellness contributions	$ 51,815	$ (568)	$ 51,247
Other government contributions	571	(122)	449
Fees and charges	4,413	-	4,413
Ancillary operations, net	-	(19)	(19)
Donations	52	-	52
Investment and other revenue	881	36	917
Amortization of external capital contributions	2,037	-	2,037
	$ 59,769	$ (673)	$ 59,096
Expenses			
Facility based inpatient acute care services	$ 9,074	$ (2)	$ 9,072
Facility based emergency and outpatient services	2,095	(17)	2,078
Facility based continuing care services	11,242	(114)	11,128
Community and home-based services	4,213	(52)	4,161
Diagnostic and therapeutic services	9,152	(91)	9,061
Promotion, prevention and protection services	3,047	(42)	3,005
Administration	3,671	(82)	3,589
Information technology and we//net	1,090	5	1,095
Support services	14,445	(172)	14,273
Amortization of facilities and improvements	1,634	-	1,634
	59,663	(567)	59,096
Excess (deficiency) of revenue over expense	$ 106	$ (106)	$ -

(1) The budget was approved by the Board of the Authority on August 16, 2001, and approved by the Minister of Health and Wellness.

(2) On October 24, 2001, the Minister of Health and Wellness reduced the Authority's funding. The Board of the Authority approved reductions in other categories to offset the reduction in funding.

Note 12 Alberta Health and Wellness Contributions

	2002 Budget	2002 Actual	2001 Actual
Unrestricted Contributions	$ 51,247	$ 50,672	$ 44,752
Transferred from deferred contributions (Note 6)	-	1,023	3
	$ 51,247	$ 51,695	$ 44,755

Note 13 Other Government Contributions

	2002 Budget	2002 Actual	2001 Actual
Alberta Infrastructure	$ 449	$ 238	$ 357
Government of Canada - Primary Care	-	-	$ 60
Other	-	100	97
	$ 449	$ 338	$ 514

Note 14 Ancillary Operations

	2002 Non-Patient Food Services Operations	2002 Rental Operations	2002 Total	2002 Budget	2001 Total
Revenue					
Revenue	260	24	284	161	293
Expenses					
Other expenses	187	3	190	180	214
Amortization	-	-	-	-	1
	187	3	190	180	215
Excess (deficiency) of revenue over direct expenses 2001/02	$ 73	$ 21	$ 94	$ (19)	$ 78
Excess of revenue over direct expenses 2000/01	$ 73	$ 5	$ 78		

Note 15 Investment and other income

	2002 Budget	2002 Actual	2001 Actual
Unrestricted investment income	$ 550	$ 492	$ 599
Other income	367	631	371
	$ 917	$ 1,123	$ 970

Investment income is comprised of interest, dividends, amortization of discount and premiums, and net gains on disposal of investments.

Other income is comprised of laundry recoveries, compensation reimbursed from Workers Compensation and collective agreements, recovery of supplies and services provided to physicians' offices and recovery of outpatient supplies.

Note 16 Facility-based continuing care services

Facility-based continuing care services include expenses for the Healthy Aging Partnership Initiative of $100.

Note 17 Administration

	2002 Budget	2002 Actual	2001 Actual
General Administration	$ 2,015	$ 1,800	$1,305
Finance	617	462	444
Quality Management	216	321	126
Personnel	659	538	469
Administration - contract operators (note 20 (b))	82	84	75
	$ 3,589	$ 3,205	$ 2,419

Note 18 Information technology and Alberta we//net

	2002		2001
	Budget	Actual	Actual
Alberta we net	$ 76	$ 59	$ 189
Telehealth	-	-	37
Information systems support	1,019	1,053	780
	$1,095	$ 1,112	$1,006

Alberta we net is the province-wide, strategic initiative to build a health information network. The initiative brings together a broad spectrum of health professionals to use information technology to improve health service delivery to all Albertans.

The Authority's contribution has been applied towards activities that will produce clinical and administrative deliverables or to develop applications to support we net initiatives. In accordance with Canadian Generally Accepted Accounting Principles, $Nil (2001 Nil) has been capitalized and $59 (2001 $189) have been expensed.

Note 19 Support services

	2002		2001
	Budget	Actual	Actual
Building maintenance, operations and security	$ 4,143	$ 3,866	$3,634
Communications	374	472	349
Education	257	218	177
Housekeeping	1,824	1,833	1,577
Laundry and linen	607	655	580
Materials management	1,026	1,143	914
Patient food services	3,025	3,183	2,915
Patient health records, registration, volunteer	1,557	1,536	1,363
Patient transportation	1,012	1,320	1,132
Support services - contract operators (note 20 (b))	448	466	412
	$14,273	$14,692	$13,053

Note 20 Related Parties

(a) Province of Alberta

The Authority is established under the Regional Health Authorities Act. Two-thirds of the members of the Authority are elected. The Minister of Health and Wellness appoints the remaining members. Transactions between the Authority and the Province are disclosed in the Statement of Operations and in notes 6, 7, 12, and 13 to the financial statements.

(b) Voluntary and Private Health Service Operators

The Authority contracts with a voluntary and private health service operator to provide health services in the Region. The Board of Directors of the contracted service operator has full control of operations and the Authority treats the contract as an economic interest The operator and cost of the contracted health services for the year are as follows:

	2002			2001
	Direct Authority Funding	Approved Patient Fees and Charges	Total	
Linden Nursing Home	$ 1,084	$ 378	$ 1,462	$ 1,298

Reported in the following expense categories:	2002	2001
Facility based continuing care services	$ 811	$ 721
Diagnostic and therapeutic services	101	90
Administration	84	75
Support Services	466	412
	$ 1,462	$ 1,298

Note 21 Pension Costs

The Authority participates in the Local Authorities Pension Plan which is a multi-employer defined benefit plan. Pension expense in these financial statements is equal to the Authority's annual contributions payable of $1,008 for the year ended March 31, 2002 (2001 $857).

At December 31, 2001, the Local Authorities Pension Plan reported a surplus of $634,960 (2000 $883,823).

Note 22 Physician Payments

The cost of physician fees paid by Alberta Health and Wellness for services rendered to the residents of Regional Health Authority 5 amounted to $ 19,837. (2001 $17,903). These amounts are not reflected in the financial statements.

Note 23 Commitments

The Authority has contracted for the provision of electricity for the period January 1, 2001 to December 31, 2004. The authority has the right to draw up to 10,466,400 kilowatt hours per year at a fixed price of 11.487 cents per kilowatt hour.

Note 24 Trust Funds

The Authority holds patient trust accounts of $59. These amounts are not reflected in these financial statements.

Note 25 Approval of Financial Statements

These financial statements have been approved by the Authority.

Schedule 1

REGIONAL HEALTH AUTHORITY 5
SCHEDULE OF EXPENSES BY OBJECT
FOR YEAR ENDED MARCH 31, 2002
(thousands of dollars)

	Budget	2002	2001
Salaries, honoraria, benefits, allowances and severance (Schedule 2)	$ 40,334	$ 38,832	$ 32,998
Contracts with health service operators (Note 20 (b))	1,412	1,462	1,298
Drugs, gases, medical and surgical supplies	1,672	1,984	1,661
Other contracted services	1,919	1,732	1,148
Other	11,308	12,235	10,865
Amortization:			
Capital equipment - internally funded	594	462	564
Capital equipment - externally funded	403	593	336
Facilities and improvements	1,634	1,458	1,328
	59,276	58,758	50,198
Less amounts reported in ancillary operations (Note 14)	(180)	(190)	(215)
	$ 59,096	$ 58,568	$ 49,983

Schedule 2

REGIONAL HEALTH AUTHORITY 5
SCHEDULE OF SALARIES, HONORARIA, BENEFITS, ALLOWANCES AND SEVERANCE
FOR THE YEAR ENDED MARCH 31, 2002

(thousands of dollars)

	2002							2001			
					Severance						
	Number of Individuals(1)	Salaries and Honoraria (2)	Benefits and Allowances(3)	Sub-total	Number of Individuals	Amount	Total	Number of Individuals(1)	Salaries, Benefits, Honoraria(2, 3)	Severance	Total
Authority/Board Compensation											
RHA Chairperson											
Peterson, Brian		6		6			6		-		-
Peterson, Terry		-		-			-		16		16
Members											
Bauman, Myrna		-		-			-		1		1
Doore, Alayna		5		5			5		8		8
Gilmore, Ross		2		2			2		-		-
Guidolin, Don		3		3			3		5		5
Haahr, Virginia		2		2			2		-		-
Hemming, Grant		3		3			3		-		-
Johnston, Ed		5		5			5		11		11
Olsen, Viola		7		7			7		10		10
Peterson, Terry		13		13			13		-		-
Pinchbeck, George		3		3			3		-		-
Sparling, John		5		5			5		2		2
Taylor, Sheila		3		3			3		-		-
Turner, Jim		8		8			8		9		9
Weins, Carol		7		7			7		7		7
Total honoraria		72	-	72	-	-	72	-	69	-	69
Staff											
Chief Executive Officer	1.00	174	17	191			191	1.00	161	-	161
Medical Officer of Health	0.40	45	3	48			48	0.40	42	-	42
Management person(s) reporting to the CEO:											
Executive Director	2.00	215	30	245			245	2.00	213	-	213
Director	3.00	227	30	257			257	2.40	198	135	333
Other management person(s) reporting directly to those above (avg. 2002 $106, avg. 2001 $79) (excluding severance)	10.00	940	124	1,064			1,064	9.00	718	185	903
Other management (avg. 2002 $87, avg. 2001 $74) (excluding severance)	17.51	1,322	204	1,526			1,526	13.73	1,015	-	1,015
Regulated nurses not included above (avg. 2002 $62, avg. 2001 $54) (excluding severance)	222.48	12,211	1,691	13,902			13,902	220.53	11,959	-	11,959
Other health technical and professionals (avg. 2002 $66, avg. 2001 $57) (excluding severance)	89.30	5,205	723	5,928			5,928	88.06	5034	-	5,034
Unregulated health service providers (avg. 2002 $31, avg. 2001 $30) (excluding severance)	144.47	3,818	594	4,412			4,412	128.05	3873	-	3,873
Other staff (avg. 2002 $33, avg. 2001 $34)	334.39	9,416	1582	10,998	7.90	189	11,187	279.12	9391	5	9,396
Total	824.55	$ 33,645	$ 4,998	$ 38,643	7.90	$ 189	$ 38,832	744.29	$ 32,673	$ 325	$ 32,998

Schedule 2 (continued)

SCHEDULE OF SALARIES, HONORARIA, BENEFITS, ALLOWANCES AND SEVERANCE
FOR THE YEAR ENDED MARCH 31, 2002

1. Full time equivalent (FTE) is determined as follows:
   a) For those employees governed by the UNA collective agreement FTE is defined as 1,920 hours per annum.
   b) For those employees governed by the Community Health Services collective agreements FTE is defined as 1,827 hours.
   c) For all other employees FTE is defined as 2,023 hours per annum.

   Total actual discrete number of individuals employed: 1,713 (2001 1,444)

2. Salaries include regular base pay, overtime, lumpsum payments, honoraria and any other direct cash remuneration including sick leave, short-term disability and vacation.

3. Benefits and allowances include the employer's share of employee benefits and contributions on behalf of employees including pension, health care, dental coverage, out-of-country medical benefits, group life insurance, accidental death and dismemberment, long-term disability plans, Canada Pension Plan, unemployment insurance, workers compensation, car benefits and allowances and tuition.

4. Severance includes all monies paid directly or on behalf of an employee upon termination which are not included in salaries and benefits.

5. The total amount is reported in Schedule 1.

Schedule 3

REGIONAL HEALTH AUTHORITY 5
THREE YEAR SUMMARY OF REVENUE AND EXPENSES
For the year ended March 31, 2002
(thousands of dollars)

	Actual			Pro-forma		
	2002	2001	2000	2002	2001	2000
Revenue						
Alberta Health and Wellness contributions	$ 51,695	$ 44,755	$ 41,770	$ 51,695	$ 45,439	$ 42,323
Other government contributions	338	514	294	338	514	294
Fees and charges	4,356	4,382	4,469	4,356	4,382	4,469
Ancillary operations, net	94	78	(73)	94	78	(73)
Donations	93	48	23	93	48	23
Investment and other income	1,123	970	651	1,123	970	651
Amortization of external capital contributions	2,051	1,664	1,780	2,051	1,664	1,780
TOTAL REVENUE	$ 59,750	$ 52,411	$ 48,914	$ 59,750	$ 53,095	$ 49,467
Expenses						
Facility-based inpatient acute care services	$ 9,218	$ 7,219	$ 6,957	$ 9,218	$ 7,219	$ 6,957
Facility-based emergency and outpatient services	2,022	1,764	1,689	2,022	2,448	2,242
Facility-based continuing care services	10,983	9,654	8,814	10,983	9,654	8,814
Community and home-based services	4,051	3,305	2,626	4,051	3,305	2,626
Diagnostic and therapeutic services	9,008	8,004	6,986	9,008	8,004	6,986
Promotion, prevention and protection services	2,819	2,231	2,058	2,819	2,231	2,058
Administration	3,205	2,419	2,347	3,205	2,419	2,347
Information technology and wc net	1,112	1,006	892	1,112	1,006	892
Support services	14,692	13,053	10,947	14,692	13,053	10,947
Amortization of facilities and improvements	1,458	1,328	1,326	1,458	1,328	1,326
TOTAL EXPENSES	$ 58,568	$ 49,983	$ 44,642	$ 58,568	$ 50,667	$ 45,195
Excess of revenue over expense	$ 1,182	$ 2,428	$ 4,272	$ 1,182	$ 2,428	$ 4,272

Proforma information results from:

a) The Rural (Emergency) On Call Renumeration program was transferred from Alberta Health and Wellness effective April 1, 2001. Alberta Health and Wellness contributions and facility based emergency and outpatient services have been provided on a proforma basis for 2001 and 2000.

David Thompson
#6

DAVID THOMPSON REGIONAL HEALTH AUTHORITY

FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2002
and
AUDITORS' REPORT

CUTHBERTSON SANDALL
chartered accountants

Partners
T.A. Cuthbertson, C.A.
D.B. Sandall, C.A.
R.J. LaRiviere, C.A.
T.C. Lam, C.A.
T.D. Denis, C.A.
J.H. Hicks, C.A.
J.P. Skipp, C.A.
I.K. Anderson, C.A.
M.R. Beavington, C.A.
N.K. Martin, C.A.
D.B. Cooper, C.A.

Associates
D.T. Snow, C.A.

AUDITORS' REPORT

TO THE MEMBERS OF THE
DAVID THOMPSON REGIONAL HEALTH AUTHORITY
AND THE MINISTER OF HEALTH

We have audited the statement of financial position of the David Thompson Regional Health Authority ("the Authority") as at March 31, 2002 and the statements of operations and changes in net assets and changes in financial position for the year then ended. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Authority as at March 31, 2002 and the results of operations and the changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

June 24, 2002
Red Deer, Alberta

Cuthbertson Sandall
Chartered Accountants

David Thompson Regional Health Authority
Management's Responsibility for Financial Reporting
March 31, 2002

The accompanying financial statements are the responsibility of management and have been approved by the Authority. The financial statements were prepared in accordance with Canadian Generally Accepted Accounting Principles and the Financial Directives issued by Alberta Health and Wellness, and of necessity include some amounts that are based on estimates and judgements.

To discharge its responsibility for the integrity and objectivity of financial reporting, management maintains a system of internal accounting controls comprising written policies, standards and procedures, a formal authorization structure, and satisfactory processes for reviewing internal controls. This system is designed to provide management with reasonable assurance that transactions are in accordance with governing legislation, are properly authorized, reliable financial records are maintained, and assets are adequately accounted for and safeguarded. The Authority has established a code of ethics and corporate directives, which require communication of the code to employees.

The Authority members carry out their responsibility for the financial statements through the Governance Committee. This Committee meets with management and the external auditor, Cuthbertson Sandall, Chartered Accountants, to discuss and review financial matters, and recommends the financial statements to the David Thompson Regional Health Authority Board for approval. The external auditor has full and free access to the Governance Committee.

The external auditor, Cuthbertson Sandall, Chartered Accountants, provides an independent audit of the financial statements. Their examination is conducted in accordance with Canadian Generally Accepted Auditing Standards and includes tests and other procedures, which allow them to report on the fairness of the financial statements prepared by management.

Chief Executive Officer

Vice President – Corporate Support Services

David Thompson Regional Health Authority
Statement of Financial Position
March 31, 2002
(thousands of dollars)

	2002	2001
Assets		
Current:		
Cash and temporary investments (Note 3)	39,926	36,830
Accounts receivable (Note 4)	5,524	4,965
Inventories	2,899	2,774
Prepaid expenses	858	772
	49,207	45,341
Non-current cash and accounts receivable (Note 5)	67,056	7,411
Capital assets (Note 6)	111,054	107,882
Other assets (Note 7)	434	344
	227,751	160,978
Liabilities and Net Assets		
Current:		
Accounts payable	16,731	12,018
Accrued vacation pay	9,764	8,152
Current portion of deferred contributions (Note 8)	4,625	3,042
Current portion of long-term debt (Note 10)	59	178
	31,179	23,390
Deferred contributions (Note 8)	24,716	3,285
Deferred capital contributions (Note 9)	42,340	4,126
Long-term debt (Note 10)	660	752
Unamortized external capital contributions (Note 11)	96,242	93,834
	195,137	125,387
Net assets:		
Unrestricted (Note 12)	1,499	1,628
Internally restricted (Note 12)	17,447	21,270
Investment in capital assets	13,668	12,693
	32,614	35,591
	227,751	160,978

The accompanying notes and schedules are part of these financial statements.

Approved on behalf of the David Thompson Regional Health Authority:

Jean Graham
Chairperson

Board Member

David Thompson Regional Health Authority
Statement of Operations
For the Year Ended March 31, 2002
(thousands of dollars)

	2002		2001
	Budget (Note 13)	Actual	Actual
Revenues			
Alberta Health and Wellness contributions (Note 14)	198,997	199,575	177,558
Other government contributions (Note 15)	3,008	3,387	3,039
Fees and charges	12,850	12,393	12,708
Net ancillary operations (Note 16)	511	596	453
Donations	800	1,053	964
Investment and other income (Note 17)	4,191	5,915	4,575
Amortization of external capital contributions (Note 11)	6,811	6,702	6,217
	227,168	229,621	205,514
Expenses (Schedule 1)			
Facility based inpatient acute services	58,784	58,712	49,154
Facility based emergency and outpatient services	15,572	15,551	10,835
Facility based continuing care services	27,550	27,627	24,465
Community and home based services	11,247	11,580	9,518
Diagnostic and therapeutic services	47,446	47,401	40,668
Promotion, prevention and protection services	7,737	7,913	6,184
Administration (Note 18)	10,504	10,422	9,223
Support services (Note 19)	45,577	45,596	40,755
Information technology and wellnet (Note 20)	3,270	3,136	3,398
Amortization of facilities and improvements	4,726	4,660	4,501
Year 2000 remedial costs	-	-	427
	232,413	232,598	199,128
Excess (deficiency) of revenues over expenses	(5,245)	(2,977)	6,386

David Thompson Regional Health Authority
Statement of Changes in Net Assets
For the Year Ended March 31, 2002
(thousands of dollars)

	2002				2001
	Unrestricted	Internally Restricted (Note 12)	Invested in Capital Assets	Total	Total
Excess (deficiency)of revenues over expenses	(2,977)	-	-	(2,977)	6,386
Capital assets purchased with internal funds	(488)	(2,254)	2,742	-	-
Amortization on internally funded capital assets	1,978	-	(1,978)	-	-
Repayment of long-term debt used to fund capital assets	(211)	-	211	-	-
Net change	(1,698)	(2,254)	975	(2,977)	6,386
Transfer to (from) internally restricted	1,569	(1,569)	-	-	-
Balance at beginning of year	1,628	21,270	12,693	35,591	29,205
End of year	1,499	17,447	13,668	32,614	35,591

David Thompson Regional Health Authority
Statement of Cash Flows
For the Year Ended March 31, 2002
(thousands of dollars)

	2002		2001
	Budget	Actual	Actual
Cash generated from (used by)			
Operating activities			
Excess (deficiency) of revenues over expenses	(5,245)	(2,977)	6,386
Non-cash transactions:			
Amortization of capital equipment - internally funded	1,826	1,570	1,811
Amortization of capital equipment - externally funded	2,308	2,392	1,994
Amortization of facilities and improvements	4,726	4,660	4,501
Amortization of external capital contributions	(6,811)	(6,702)	(6,217)
Loss on disposal of capital assets	-	58	2
	(3,196)	(999)	8,477
Changes in non-cash working capital accounts	(1,922)	7,138	1,963
Cash generated from operations	(5,118)	6,139	10,440
Investing activities			
Purchase of capital assets:			
Internally funded	(2,901)	(2,742)	(1,742)
Externally funded equipment	(6,717)	(3,843)	(1,657)
Externally funded facilities and improvements	(8,318)	(5,267)	(2,372)
Proceeds on sale of capital assets	-	-	2
Decrease (increase) in other assets	209	(90)	214
Cash used by investing activities	(17,727)	(11,942)	(5,555)
Financing activities			
Allocations from (to) non-current cash and accounts receivable (Note 5)	1,347	(59,645)	(906)
Decrease (increase) in deferred contributions	1,961	21,431	(1,612)
Capital contributions received (Note 9)	11,727	47,324	6,547
Principal payments on long-term debt	(178)	(211)	(1,329)
Cash generated from financing activities	14,857	8,899	2,700
Increase in cash and temporary investments	(7,988)	3,096	7,585
Cash and temporary investments, beginning of year	36,830	36,830	29,245
Cash and temporary investments, end of year	28,842	39,926	36,830

David Thompson Regional Health Authority
Notes to the Financial Statements
For the Year Ended March 31, 2002

Note 1 Authority, Purpose and Operations

The David Thompson Regional Health Authority ("the Authority") was established on June 24, 1994 under the authority of the Regional Health Authorities Act, Chapter R-9.07, Statutes of Alberta 1994. The Authority is a registered charity under the Income Tax Act and is exempt from payment of income tax.

The Authority is responsible for the delivery of appropriate, accessible and affordable health services in the region. This responsibility includes operating programs designed to promote, protect, maintain, restore and enhance physical and mental wellbeing.

The Authority operates the following facilities and sites:

Bashaw Health Care
Bentley Care Centre
Dr. Richard Parsons Care Centre
Innisfail Health Centre
Lacombe Hospital and Care Centre
Olds Hospital and Care Centre
Ponoka Hospital and Care Centre
Red Deer Nursing Home
Red Deer Regional Hospital Centre
Rimbey Hospital and Care Centre
Rocky Mountain House Hospital and Care Centre
Sundre Hospital and Care Centre
Valley Park manor

Eckville Community Health Centre
Elnora Community Health Centre
Lacombe Community Health Centre
Olds Community Health Centre
Ponoka Community Health Centre
Red Deer Community Health Centres
Rimbey Community Health Centre
Rocky Mountain House Community Health Centre
Sundre Community Health Centre
Sylvan Lake Community Health Centre

These financial statements do not include the assets, liabilities and operations of any voluntary or private facilities providing health services in the region. Information on these facilities is disclosed in Note 21(b).

Note 2 Significant Accounting Policies and Reporting Practices

The financial statements have been prepared in accordance with Generally Accepted Accounting Principles and the reporting requirements of Financial Directive 19 issued by Alberta Health and Wellness. Following are the significant accounting policies:

a) Basis of Presentation

These financial statements are prepared on a consolidated basis and include the accounts of the facilities and sites disclosed in Note 1 but do not include the accounts of the David Thompson Health Region Foundation.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(b) These financial statements have been prepared using the deferral method, the key elements of which are:

(i) Unrestricted operating grants and other contributions are recognized as revenue in the year when received or receivable.

(ii) Externally restricted non-capital contributions are recognized as revenue in the year when related expenses are incurred.

(iii) Externally restricted capital contributions are recorded as deferred capital contributions until the amount is invested in capital assets. Amounts invested representing externally funded capital assets are then transferred to unamortized external capital contributions. Unamortized external capital contributions are recognized as revenue in the periods in which the related amortization expense of the funded capital asset is recorded.

(iv) Restricted contributions to purchase capital assets which will not be amortized are recorded as direct increases to net assets.

(v) Unrestricted investment income is recognized in the year it is earned.

(vi) Investment income subject to external restrictions is, depending on the nature of the restriction, recorded as a direct increase to net assets, or deferred and recognized as revenue in the year the related expenses are incurred.

(vii) Donations and contributions in kind are recorded at fair value when such value can reasonably be determined.

(c) *Full cost*

The Authority accounts for all costs and revenues related to services carried out for which it is responsible.

The fair value of costs of services is recorded. The fair value transactions consist of the following:

(i) Revenues earned by contracted health service operators from Ministry of Health designated fees and charges are recorded as fees and charges of the Authority. An equivalent amount is recorded as contracted health service operator expense of the Authority.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(c) Full cost (continued)

(ii) Alberta Health and Wellness payments directly to contracted health service operators for health programs are recorded as revenues and an equivalent amount recorded as program expenses as these payments represent part of the cost of the Authority's health programs.

(iii) The fair value for the use of non-acute care facilities not owned by the Authority and provided to the Authority at zero or nominal rent is recorded as other government contributions and as program expense.

(iv) Other assets, supplies and service contributions that would otherwise have been purchased are recorded as revenues and expenses, at fair value at the date of contribution, when a fair value can be reasonably determined. Volunteers contribute a significant amount of time each year to assist the Authority in carrying out its programs and services. However, contributed services of volunteers are not recognized as revenues and expenses in these financial statements because fair value cannot be reasonably determined.

(d) Employee Future Benefits

The Authority participates in the Local Authorities Pension Plan. This multi-employer defined benefit pension plan provides pensions for the Authority's participating employees, based on years of service and earnings.

Sufficient information is not available to record the Authority's transactions using the accounting recommendations for defined benefit pension plans. The Authority therefore uses the accounting recommendations for defined contribution pension plans whereby the pension costs included in the financial statements comprise the employer's contributions for its employees during the year. The contributions are based on rates which are expected to provide benefits payable under the pension plan. The Authority does not record its portion of the plan's deficit or surplus.

The Authority fully accrues it obligations for employee non-pension future benefits.

David Thompson Regional Health Authority
Notes to the Financial Statements
For the Year Ended March 31, 2002

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(e) Investments

Temporary investments are recorded at the lower of cost or market value.

(f) Financial Instruments

The carrying value of cash and temporary investments, accounts receivable, accounts payable and accrued vacation pay approximates their fair value because of the short-term maturity of these items.

The carrying value of long-term debt approximates its fair value because the interest rates approximate market value.

(g) Inventories

Inventories are valued at the lower of cost or net realizable value where cost is determined on an average cost basis.

(h) Capital Assets

Capital assets and construction projects in progress are recorded at cost. Capital assets costing less than $5,000 are expensed.

Capital assets are amortized over their estimated useful lives on a straight-line basis as follows:

	Useful Life
Buildings	40 years
Land improvements	20 years
Building service equipment	20 years
Equipment	5-20 years
Asset development costs	3 years

Construction projects in progress are not amortized until the project is complete.

Leases transferring substantially all of the benefits and risks of ownership of capital assets to the Authority are accounted for as acquisitions of capital assets financed by long-term obligations.

David Thompson Regional Health Authority
Notes to the Financial Statements
For the Year Ended March 31, 2002

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(i) Measurement Uncertainty

The financial statements by their nature contain estimates and are subject to measurement uncertainty. The amounts recorded for amortization of capital assets and amortization of external capital contributions are based on estimates of the useful life of related assets. Actual results could differ from these estimates. Also, the Authority is currently included in the Goods and Services (GST) free list of Alberta Government entities and therefore does not record or pay GST on purchased supplies and services. This situation could change in future if the Authority ceases to be part of the GST free list of Alberta Government.

Note 3 Cash and Temporary Investments

	2002	2001
	(thousands of dollars)	
Cash	9,987	2,906
Temporary investments	29,939	33,924
	39,926	36,830

Temporary investments are comprised of money market mutual fund units and interest bearing investments which accrue investment income at current market rates.

Note 4 Accounts Receivable

	2002	2001
	(thousands of dollars)	
Contributions receivable	2,548	1,870
Other receivables	2,976	3,095
	5,524	4,965

Note 5 Non-current Cash and Accounts Receivable

Non-current cash and accounts receivable are represented by the following:

	2002	2001
	(thousands of dollars)	
Cash		
Externally restricted donations for capital purposes	45	10
Externally restricted grants for major redevelopment project	37,860	467
Externally restricted grants for capital purposes	6,032	4,944
	43,937	5,421
Accounts receivable		
Externally restricted grants for capital purposes	23,119	1,990
	67,056	7,411

Note 6 Capital Assets

	2002			2001
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
	(thousands of dollars)			
Land	3,510	-	3,510	3,510
Land improvements	2,530	1,535	995	1,061
Buildings and service equipment	164,233	87,581	76,652	76,887
Equipment	55,258	32,781	22,477	21,776
Asset development costs	516	516	-	9
Capital projects in progress	7,420	-	7,420	4,639
	233,467	122,413	111,054	107,882

Capital assets have been funded from the following sources:

	2002	2001
	(thousands of dollars)	
Short-term debt	425	425
Long-term debt (Note 10)	719	930
Unamortized external capital contributions (Note 11)	96,242	93,834
Net assets invested in capital assets	13,668	12,693
	111,054	107,882

Note 7 Other Assets

	2002	2001
	(thousands of dollars)	
Energy conservation program	49	317
Loan receivable	358	-
Mineral rights	24	24
Cooperative's shares	3	3
	434	344

Loan Receivable:

The Authority signed a contract with Continuum Healthcare Corporation under the Healthy Aging Partnership Initiative. As a result the Authority loaned $368,000 to Continuum to aid in the construction of an assisted living facility. Under the terms of that agreement the loan is forgiven based on the occupancy of the facility. During the year $9,880 was forgiven.

Energy conservation program is represented by the following:

	2002	2001
	(thousands of dollars)	
Cost	978	978
Accumulated amortization	(929)	(661)
	49	317

David Thompson Regional Health Authority
Notes to the Financial Statements
For the Year Ended March 31, 2002

Note 8 Deferred Contributions

	2002	2001
	(thousands of dollars)	
Amounts received:		
Alberta Health and Wellness contributions	514	974
Other government contributions	29,372	2,169
Amounts transferred to deferred capital contributions (Note 9)	(915)	(768)
Amounts recognized as revenue:		
Alberta Health and Wellness contributions	(3,217)	(607)
Fees and charges	-	(29)
Investment and other income	(64)	(78)
Other government contributions	(2,676)	(1,491)
Change during the year	23,014	170
Balance, beginning of year	6,327	6,157
Balance, end of year	29,341	6,327
Less current portion	(4,625)	(3,042)
	24,716	3,285

David Thompson Regional Health Authority
Notes to the Financial Statements
For the Year Ended March 31, 2002

Note 8 Deferred Contributions (continued)

Unspent amounts at end of year are restricted for the following purposes:

	2002	2001
	(thousands of dollars)	
Non-current		
Healthy Aging Partnership Initiative long term care partnership	24,716	1,504
Year 2000 upgrades	-	1,781
	24,716	3,285
Current		
Action For Health Children and Youth	64	130
Alberta Infrastructure renovation projects	2,023	1,596
Case costing	74	74
Continuing Care Initiative	210	-
Human Resource Strategic	513	650
ICD 10	119	-
Meningococcal	91	-
Nurse Practitioner	465	347
Nurse Practitioner - AMA	7	39
O'Chiese Health	39	50
Other	202	98
Specialist On Call	338	-
Sunchild Health	53	58
Young Family Wellness	427	-
	4,625	3,042
	29,372	6,327

Note 9 Deferred Capital Contributions

The deferred capital contribution balance represents amounts accounted for in accordance with the accounting policy described in Note 2(b)(ii).

	2002	2001
	(thousands of dollars)	
Amounts received:		
Restricted other government contributions	46,498	5,551
Amounts transferred from deferred contributions (Note 8)	915	768
Donations restricted for capital purposes	661	436
	48,074	6,755
Amounts recognized as revenue:		
Alberta Health and Wellness contributions	(322)	(75)
Other government contributions	(428)	(133)
	47,324	6,547
Transferred to:		
Unamortized external capital contributions (Note 11)	(9,110)	(4,029)
Change during the year	38,214	2,518
Balance, beginning of year	4,126	1,608
Balance, end of year	42,340	4,126

The balance at the end of the year is restricted for the following purposes:

	2002	2001
	(thousands of dollars)	
Equipment replacement	3,988	3,317
Major redevelopment project	37,860	467
Betterment of capital assets	492	342
	42,340	4,126

Note 10 Long-term Debt

	2002	2001
	(thousands of dollars)	
Bank loan, due in monthly installments of $6,827 including interest at 5.49%. Secured by a general assignment of book debts, maturing November 1, 2003.	705	747
Bank loan, due in monthly installments of $14,726 including interest at 4.85%. Secured by a general assignment of book debts.	14	183
	719	930
Less current portion	(59)	(178)
Long-term portion	660	752

Future principal payments are estimated as follows:

2003	59
2004	47
2005	49
2006	52
2007 and thereafter	512
	719

Note 11 Unamortized External Capital Contributions

Unamortized external capital contributions reflect transactions accounted for in accordance with the accounting policy described in Note 2(b)(ii). The balance at the end of the year represents the external capital contributions that will be recognized as revenue in future years.

	2002	2001
	(thousands of dollars)	
Balance, beginning of year	93,834	96,022
Add: Amounts transferred from deferred capital contributions (Note 9)	9,110	4,029
Less: Amounts recognized as revenue	(6,702)	(6,217)
Balance, end of year	96,242	93,834

Note 12 Unrestricted and Internally Restricted Net Assets

The balance of unrestricted and internally restricted net assets can be analyzed as follows:

	2002	2001
	(thousands of dollars)	
Unrestricted and internally restricted net assets at regionalization - April 1, 1995	4,676	4,676
Changes since regionalization:		
Cumulative operating surplus	16,775	19,752
Issuance of long-term debt for the purchase of capital assets	3,173	3,173
Repayment of long-term debt	(4,710)	(4,499)
Amortization on internally funded capital assets	15,136	13,158
Invested in capital assets	(16,104)	(13,362)
	14,270	18,222
	18,946	22,898
Unrestricted	1,499	1,628
Internally restricted	17,447	21,270
	18,946	22,898

Note 12 Unrestricted and Internally Restricted Net Assets (continued)

Internally restricted net assets are as follows:

	2002	2001
	(thousands of dollars)	
Board established reserves:		
Funding reserve	5,394	7,847
Other reserves	527	163
Reserve for future equipment replacement	5,714	7,260
	11,635	15,270
Authority designated for specific communities	5,812	6,000
	17,447	21,270

David Thompson Regional Health Authority
Notes to the Financial Statements
For the Year Ended March 31, 2002

Note 13 Budget

	Approved Budget (1)	Adjustments (2)	Reported Budget
	(thousands of dollars)		
Revenues			
Alberta Health and Wellness contributions	200,380	(1,383)	198,997
Other government contributions	4,425	(1,417)	3,008
Fees and charges	12,506	344	12,850
Net ancillary operations	490	21	511
Donations	900	(100)	800
Investment and other income	3,944	247	4,191
Amortization of external capital contributions	6,811	-	6,811
	229,456	(2,288)	227,168
Expenses			
Facility based inpatient services	59,153	(369)	58,784
Facility based emergency and outpatient services	14,159	1,413	15,572
Facility based continuing care services	27,701	(151)	27,550
Community and home based services	11,155	92	11,247
Diagnostic and therapeutic services	46,198	1,248	47,446
Promotion, prevention and protection services	7,191	546	7,737
Administration	10,651	(147)	10,504
Support services	44,642	935	45,577
Information technology and we net	3,155	115	3,270
Amortization of facilities and improvements	4,726	-	4,726
	228,731	3,682	232,413
Excess of revenues over expenses	725	(5,970)	(5,245)

(1) The approved budget amounts were part of the annual Business Plan approved by the Board of the Authority on August 1, 2001 and subsequently approved by the Minister of Health and Wellness.

David Thompson Regional Health Authority
Notes to the Financial Statements
For the Year Ended March 31, 2002

Note 13 Budget (continued)

(2) During the year, the Minister of Health reduced the Authority's funding. The Authority resubmitted it's business plan to the Minister on November 16, 2001 which was approved by the Board of the Authority on November 15, 2001. The resubmitted budget had the following adjustments:

	Revenues	Expenses
	(thousands of dollars)	
Alberta Health and Wellness contributions	(4,489)	-
Fees and charges	299	-
Net ancillary operations	21	-
Donations	(100)	-
Growth related expenditures net of targeted reductions	-	1,701
	(4,269)	1,701
Projects	1,843	1,843
Classification adjustments	138	138
	(2,288)	3,682

Alberta Health and Wellness Contributions

On October 18, 2001 Alberta Health and Wellness announced a funding reduction for the Authority based on revenue reductions imposed by the Provincial Government. As well, the Authority revised estimates for funding it anticipated receiving for specific programs and the effect of the change in its boundary (Note 25).

Fees and charges

On January 1, 2002 continuing care accommodation rates were increased by Alberta Health and Wellness.

Classification Adjustments

The Business Plan submitted to Alberta Health and Wellness included significant budget allocations based on management estimates. The budget was subsequently adjusted for actual allocations as they became known.

Projects

The budget was adjusted for project funding and expenditures not previously contemplated in the business plans submitted.

David Thompson Regional Health Authority
Notes to the Financial Statements
For the Year Ended March 31, 2002

Note 14 Alberta Health and Wellness Contributions

	2002 Budget	2002 Actual	2001 Actual
	(thousands of dollars)		
Unrestricted contributions	195,949	195,852	176,808
Restricted contributions			
Year 2000 remedial costs	300	866	366
Other	2,560	2,669	187
Restricted contributions made by Alberta Health and Wellness directly to contracted health service operators for capital upgrade	188	188	197
	198,997	199,575	177,558

Note 15 Other Government Contributions

	2002 Budget	2002 Actual	2001 Actual
	(thousands of dollars)		
Alberta Infrastructure	1,444	1,467	1,334
Healthy Aging Partnership Initiatives	415	415	-
Fair value of rent for non-acute care facilities used by the Authority	149	149	216
Other contributions	1,000	1,356	1,489
	3,008	3,387	3,039

David Thompson Regional Health Authority
Notes to the Financial Statements
For the Year Ended March 31, 2002

Note 16 Net Ancillary Operations

	2002 Non-patient Food Services Operations	2002 Laundry Operations	2002 Lab Services	2002 Parking Operations	2002 TV Telephone	2002 David Thompson Dispensary	2002 Other	2002 Total	2002 Budget	2001 Total
	(thousands of dollars)									
Revenues										
Revenues	760	227	404	844	100	452	21	2,808	2,511	2,617
Expenses										
Other expenses	673	153	400	437	45	490	1	2,199	1,988	2,139
Amortization	1	-	4	8	-	-	-	13	12	25
	674	153	404	445	45	490	1	2,212	2,000	2,164
Excess (deficiency) of revenues over direct expenses, 2002	86	74	-	399	55	(38)	20	596	511	453
Excess (deficiency) of revenues over direct expenses, 2001	9	(11)	-	383	52	161	16	453		

Note 17 Investment and Other Income

	2002 Budget	2002 Actual	2001 Actual
	(thousands of dollars)		
Unrestricted interest income	2,000	1,550	2,277
Other income	2,191	4,365	2,298
	4,191	5,915	4,575

Other income is comprised of various revenue and expense recoveries external to the Authority.

Note 18 Administration

	2002 Budget	2002 Actual	2001 Actual
		(thousands of dollars)	
General administration	4,860	4,923	4,385
Finance	3,081	2,962	2,666
Human resources	2,563	2,537	2,172
	10,504	10,422	9,223

Note 19 Support Services

	2002 Budget	2002 Actual	2001 Actual
		(thousands of dollars)	
Bio-medical engineering	284	325	236
Building maintenance, operations and security	10,580	10,611	9,680
Communications	913	843	873
Education	2,054	2,225	2,004
Housekeeping	6,487	6,446	5,595
Laundry and linen	2,812	2,739	2,599
Materials management	4,152	4,090	3,822
Patient food services	8,531	8,538	7,770
Patient health records	4,598	4,437	3,385
Patient registration	2,396	2,176	1,850
Patient internal transportation	2,343	2,756	2,586
Volunteer services	427	410	355
	45,577	45,596	40,755

Note 20 Information Technology and Alberta We/net

	2002 Budget	2002 Actual	2001 Actual
		(thousands of dollars)	
alberta we/net	147	9	925
Information systems support	3,123	3,127	2,473
	3,270	3,136	3,398

During the 2001/2002 fiscal year, the Authority amortized $8,664 of prior years alberta we/net contributions.

alberta we/net is the province-wide strategic initiative to build a health information network. The initiative brings together a broad spectrum of health professionals to use information technology to improve health service delivery to all Albertans.

David Thompson Regional Health Authority
Notes to the Financial Statements
For the Year Ended March 31, 2002

Note 21 Related Parties

(a) Controlled Foundations

The Authority controls the David Thompson Health Region Foundation which was formerly the Red Deer Regional Hospital Centre Foundation (the "Foundation"). This control is a result of the Authority having significant economic interest in the Foundation and the purpose of the Foundation is integrated with the Authority. However, the Foundation is not consolidated in these financial statements.

Financial information for the Foundation is as follows:

	2002	2001
	(thousands of dollars)	
Total assets	4,567	3,784
Total liabilities	2,733	2,070
Net assets	1,834	1,714
Revenues	1,340	1,443
Contributions to the Authority plus operating expenses	1,219	1,525
Excess (deficiency) of revenues over expenses	121	(82)

Contributions Received by the Authority Year ended March 31.		Resources Held by the Foundation As at March 31, 2002	
2002	2001	Externally Restricted	Unrestricted
	(thousands of dollars)		
877	1,265	693	1141

The Foundation's financial statements were prepared using the restricted fund method of accounting.

David Thompson Regional Health Authority
Notes to the Financial Statements
For the Year Ended March 31, 2002

Note 21 Related Parties (continued)

(a) Controlled Foundations (continued)

Contributions include externally restricted amounts for equipment, programs, research and education for the Red Deer Regional Hospital Centre.

The value of administrative support provided to the Foundation and the accounts receivable from the Foundation at year-end are as follows:

Administrative Support Year ended March 31.		Accounts Receivable As at March 31, 2002	
2002	2001	Externally Restricted	Unrestricted
	(thousands of dollars)		
10	10	79	25

Note 21 Related Parties (continued)

(b) Health Service Operators

The Authority contracts with health service operators to provide health services in the Region. The health service operators and the amount of the contracted health services for the year are as follows:

	2002 (thousands of dollars)				2001
	Direct Authority Funding	Direct Alberta Health Funding	Approved Patient Fees and Charges	Total	Total
DKML/Provincial Laboratories	3,743	-	-	3,743	3,312
Northcott Care Centre	2,499	188	718	3,405	2,959
St. Mary's Health Care Centre	1,370	-	276	1,646	1,526
Private physiotherapy clinics	1,256	-	-	1,256	1,221
Other	344	-	-	344	373
	9,212	188	994	10,394	9,391

The Authority views the relationships with these health service operators as ones where an economic interest exists. The Authority transfers significant resources to these organizations. These organizations are required to perform functions on behalf of the reporting organization that are integral to the Authority achieving its objectives.

The expenses related to these activities have been recorded as follows:

	2002	2001
	(thousands of dollars)	
Northcott Care Centre and St. Mary's Health Care Centre		
Facility based continuing care services	2,513	2,176
Diagnostic and therapeutic services	486	417
Administration	570	585
Support services	1,482	1,307
	5,051	4,485
All other operators		
Promotion, protection and prevention	189	186
Diagnostic and therapeutic services	5,154	4,665
	10,394	9,391

Note 21 Related Parties (continued)

(c) Province of Alberta

The Authority is established under the Regional Health Authorities Act. Two thirds of the board members of the Authority are elected. The Minister of Health and Wellness appoints the remaining board members. Transactions between the Authority and the Provincial Government/Alberta Health and Wellness are disclosed in the Statement of Operations and in notes 8, 14 and 15 to the financial statements.

(d) Health Authorities

The Authority shares a common relationship with other health authorities by way of its relationship with the province of Alberta. Transactions between the Authority and other health authorities are reported in the statement of operations and Note 21(b) to the financial statements.

Note 22 Pension Costs

The Authority participates in the Local Authorities Pension Plan, which is a multi-employer defined benefit plan. The pension expense recorded in these financial statements is equivalent to the Authority's annual contributions payable of $4,381,702 for the year ended March 31, 2002 (2001, $3,699,000).

At December 31, 2001, the Local Authorities Pension Plan reported a surplus of $634,960,000 (2000, $883,823,000).

Note 23 Comparative Figures

Certain comparative figures have been reclassified to conform with the current year presentation.

Note 24 Physician Payments

The cost of Physician fees paid by Alberta Health and Wellness for services rendered to the residents of the Authority amounted to $67,165,287 (2001, $64,540,296). These amounts are not reflected in the financial statements.

David Thompson Regional Health Authority
Notes to the Financial Statements
For the Year Ended March 31, 2002

Note 25 Boundary Realignment

During the year the Minister of Health and Wellness announced realignment to the boundaries of the Authority and the Crossroads Health Region. This resulted in a decrease in the size of the Authority.

Note 26 Subsequent Event

Subsequent to March 31,2002, the Authority entered into contracts with voluntary health care operators to construct and operate three continuing care assisted living facilities. These contracts were initiated and approved under the Healthy Aging Partnership Initiative (HAPI) and the long term care partnership (P3). The facilities are expected to begin operations during the 2003 2004 fiscal year.

Schedule 1

David Thompson Regional Health Authority
Schedule of Expenses by Object
For the Year Ended March 31, 2002
(thousands of dollars)

	Budget	2002	2001
Salaries, benefits, allowances and severance (Schedule 2)	159,362	160,258	135,700
Contracts with health service operators (Note 21(b))	10,067	10,394	9,391
Drugs, medical and surgical supplies	11,930	11,978	10,653
Consulting services and interpretation fees	13,755	13,724	8,762
Interest on long-term debt	45	44	103
Other	30,535	29,732	28,375
Amortization:			
Capital equipment - internally funded	1,685	1,628	1,813
Capital equipment - externally funded	2,308	2,392	1,994
Facilities and improvements	4,726	4,660	4,501
	234,413	234,810	201,292
Less amount reported in ancillary operations (Note 16)	(2,000)	(2,212)	2,164
	232,413	232,598	199,128

Schedule 2 (continued)

David Thompson Regional Health Authority
Schedule of Salaries, Honoraria, Benefits, Allowances and Severance
For the Year Ended March 31, 2002

(1) Full time equivalent (FTE) has been determined in annual hours as follows:

Management persons reporting to the CEO	2,022.75
Other management	2,022.75 All other 1,794.00 Community Health
Regulated nurses	1,921.48 Registered nurses 2,022.75 Licensed Practical Nurses 1,794.00 Community Health Nurses
Other technical health and professional	2,022.75 All other 1,794.00 Community Health
Unregulated health service providers	2,022.75 All other 1,794.00 All other
Other staff	2,022.75 All other 1,794.00 Community Health

Total actual discrete number of individuals employed: 4,386 (2001: 4,237)

(2) Salaries include regular base pay, overtime, lump sum payments, honoraria and any other direct cash remuneration including sick leave, short-term disability and vacation.

(3) Benefits and allowances include the employer's share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, out of country medical benefits, group life insurance, accidental death and dismemberment, long-term disability plans, Canada Pension Plan, Employment Insurance, workers compensation, car benefits and allowances and tuition.

(4) Severance includes:

All monies paid directly or on behalf of an employee upon termination which have not been included in salaries and benefits.

(5) The total amount is reported in the following schedules:

	2002	2001
	(thousands of dollars)	
Schedule 1 - Expenses by Object	160,258	135,700
Consulting services - Medical Officer of Health	45	13
Total	160,303	135,713

Schedule 2

David Thompson Regional Health Authority
Schedule of Salaries, Honoraria, Benefits, Allowances and Severance
For the Year Ended March 31, 2002
(thousands of dollars)

	2002							2001			
					Severance (4)						
	Number of Individuals (1)	Salaries and Honoraria (2)	Benefits and Allowances (3)	Subtotal	Number of Individuals	Amount	Total	Number of Individuals (1)	Salaries, Honoraria, Benefits & Allowances	Severance	Total
Authority Board Compensation											
RHA Chairperson											
Graham, T. Provincial business		8		8			8		10		10
DTRHA business		28		28			28		[illegible]		27
RHA Board Members											
Crowley, R.		4		4			4				
Dietz, M.		[illegible]		[illegible]			[illegible]				
Fowler, R. D.		10		10			10		9		9
Gatum, J.		12		12			12		9		9
Gillespie, E. S.		11		11			11		9		9
Kane, R.		[illegible]		[illegible]			[illegible]				
Manning, R.		8		8			8		6		6
McEwen, D.		[illegible]		[illegible]			[illegible]		6		6
Milligan, B.		[illegible]		[illegible]			[illegible]		6		6
Notley, W.		11		11			11		6		6
Pion, E.		4		4			4		6		[illegible]
Ralston, P.		1		1			1				
Szumlas, D.		[illegible]		[illegible]			[illegible]		[illegible]		[illegible]
Thompson, R.		10		10			10		[illegible]		[illegible]
Towne, P.		9		9			9				[illegible]
Ungstad, D.		[illegible]		[illegible]			[illegible]				
Verheul, G.		[illegible]		[illegible]			[illegible]				[illegible]
Total honoraria		[illegible]		[illegible]			[illegible]		131		131
Staff											
Chief Executive Officer											
Vandeburg, T.	1.00	189	21	210			210	1.00	197		197
Management persons reporting to the CEO											
Sr. Vice President - Client care operations	1.00	129	17	146			[illegible]	1.00	[illegible]		[illegible]
Vice President - Clinical support services	1.00	119	16	[illegible]			[illegible]	1.00	122		122
Vice President - Community care	1.00	119	16	[illegible]			[illegible]	1.00	122		122
Vice President - Corporate support services	1.00	119	16	[illegible]			[illegible]	1.00	122		122
Vice President - Corporate planning & facility support services	1.00	119	16	[illegible]			[illegible]	1.00	122		122
Vice President - Medical	1.00	[illegible]	21	[illegible]			[illegible]	1.00	[illegible]		[illegible]
Medical Officer of Health	[illegible]	45		45			45	[illegible]	13		13
	[illegible]	[illegible]	[illegible]	1,194			1,194	[illegible]	[illegible]		[illegible]
Other management persons reporting to those above (avg. 2002 $[illegible], avg. 2001 $[illegible], excluding severance)	[illegible]	[illegible]	[illegible]	[illegible]	1.00	[illegible]	[illegible]	[illegible]	[illegible]		[illegible]
Other management (avg. 2002 $[illegible], avg. 2001 $[illegible])	[illegible]	[illegible]	[illegible]	4,981	1.00	[illegible]	[illegible]	[illegible]	[illegible]		[illegible]
Medical doctors not included above (incl. interpretation fees) (avg. 2002 $[illegible], avg. 2001 $[illegible])	[illegible]	[illegible]	84	[illegible]			[illegible]	[illegible]	916		916
Regulated nurses not included above (avg. 2002 $[illegible], avg. 2001 $[illegible])	[illegible]	[illegible]	[illegible]	[illegible]			[illegible]	[illegible]	[illegible]		[illegible]
Other health technical and professional (avg. 2002 $[illegible], avg. 2001 $[illegible])	[illegible]	[illegible]	[illegible]	[illegible]	1.00	[illegible]	[illegible]	[illegible]	[illegible]		[illegible]
Unregulated health service providers (avg. 2002 $[illegible], avg. 2001 $[illegible])	[illegible]	[illegible]	[illegible]	[illegible]			[illegible]	[illegible]	10,244		10,244
Other staff (avg. 2002 $[illegible], avg. 2001 $[illegible])	[illegible]	[illegible]	6,411	[illegible]	2.00	11	[illegible]	[illegible]	[illegible]	36	[illegible]
Total staff	[illegible]	[illegible]	[illegible]	[illegible]	5.00	166	[illegible]	[illegible]	[illegible]	36	[illegible]
Total honoraria and staff		[illegible]	[illegible]	[illegible]	5.00	166	[illegible]		[illegible]	36	[illegible]

Schedule 3

David Thompson Regional Health Authority
Three Year Summary of Revenues and Expenses
For the Period Commencing April 1, 1999
(thousands of dollars)

	Actual			Pro-forma		
	2002	2001	2000	2002	2001	2000
Revenues						
Alberta Health and Wellness contributions	199,575	177,558	159,482	199,575	178,649	160,380
Other government contributions	3,387	3,039	1,459	3,387	3,039	1,459
Fees and charges	12,393	12,708	12,115	12,393	12,708	12,115
Net ancillary operations	596	453	521	596	453	521
Donations	1,053	964	866	1,053	964	866
Investment and other income	5,915	4,575	4,902	5,915	4,575	4,902
Amortization of external capital contributions	6,811	6,217	5,114	6,811	6,217	5,114
	229,621	205,514	184,459	229,621	206,605	185,357
Expenses						
Facility based inpatient acute services	58,712	49,154	43,619	58,712	49,154	43,619
Facility based emergency and outpatient services	15,551	10,835	9,441	15,551	11,926	10,339
Facility based continuing care services	27,627	24,465	21,190	27,627	24,465	21,190
Community and home based services	11,580	9,518	8,430	11,580	9,518	8,430
Diagnostic and therapeutic services	47,401	40,668	34,401	47,401	40,668	34,401
Promotion, prevention and protection services	7,913	6,184	5,245	7,913	6,184	5,245
Administration	10,422	9,223	8,591	10,422	9,223	8,591
Support services	45,596	40,755	35,928	45,596	40,755	35,928
Information technology and we net	3,136	3,398	3,240	3,136	3,398	3,240
Amortization of facilities and improvements	4,660	4,501	4,446	4,660	4,501	4,446
Year 2000 remedial costs	-	427	2,544	-	427	2,544
	232,598	199,128	177,075	232,598	200,219	177,973
Excess of revenues over expenses	(2,977)	6,386	7,384	(2,977)	6,386	7,384

Pro-forma summary of revenues and expenses:

In 2001 2002 Alberta Health and Wellness transferred responsibility for the "rural on call physician funding " program to the Authority. As a result, Alberta Health and Wellness contributions and Facility based emergency and outpatient services for the 2000 2001 and 1999 2000 year have been adjusted by $1,091,349 and $897,957 respectively.

#7

East Central Regional Health Authority 7

Financial Statements

March 31, 2002

EAST CENTRAL REGIONAL HEALTH AUTHORITY 7

FINANCIAL STATEMENTS

MARCH 31, 2002

Auditor's Report

Statement of Management's Responsibility for Financial Reporting

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Schedule 2 Schedule of Salaries, Honoraria, Benefits, Allowances and Severance

Schedule 3 Three Year Summary of Revenue and Expenses

AUDITOR
GENERAL
Alberta

AUDITOR'S REPORT

To the Members of the East Central Regional Health Authority 7
and the Minister of Health and Wellness

I have audited the statement of financial position of the East Central Regional Health Authority 7 ("the Authority") as at March 31, 2002 and the statements of operations and changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Authority's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Authority as at March 31, 2002 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Fred J Dunn CA
Auditor General

Edmonton, Alberta
May 31, 2002

EAST CENTRAL REGIONAL HEALTH AUTHORITY 7

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

FINANCIAL STATEMENTS

MARCH 31, 2002

The accompanying financial statements are the responsibility of management and have been approved by the Authority. The financial statements were prepared in accordance with Canadian generally accepted accounting principles and the Financial Directives issued by Alberta Health and Wellness, and of necessity include some amounts that are based on estimates and judgments.

To discharge its responsibility for the integrity and objectivity of financial reporting, management maintains a system of internal accounting controls comprising written policies, standards and procedures, a formal authorization structure, and satisfactory processes for reviewing internal controls. This system is designed to provide management with reasonable assurance that transactions are in accordance with governing legislation, are properly authorized, reliable financial records are maintained, and assets are adequately accounted for and safeguarded. The Authority has established a code of ethics and corporate directives, which require communication of the code to employees.

The Authority members carry out their responsibility for the financial statements through the Committee of the Whole. This Committee meets with management and the Auditor General to discuss and review financial matters, and recommends the financial statements to the East Central Regional Health Authority 7 Board for approval. The Auditor General has full and free access to the Committee of the Whole.

The Auditor General provides an independent audit of the financial statements. His examination is conducted in accordance with Canadian generally accepted auditing standards and includes tests and other procedures, which allow him to report on the fairness of the financial statements prepared by management.

Steve Petz
President and
Chief Executive Officer

Norm Petherbridge, CA
Chief Financial Officer

EAST CENTRAL REGIONAL HEALTH AUTHORITY 7
STATEMENT OF FINANCIAL POSITION
MARCH 31, 2002

(thousands of dollars)

	2002	2001
ASSETS		
Current:		
Cash and temporary investments (Note 3)	$ 20,063	$ 17,845
Accounts receivable	3,455	2,346
Contributions receivable	668	102
Inventories	532	529
	24,718	20,822
Non-current cash and investments (Note 3)	19,605	4,985
Capital assets (Note 4)	74,862	77,418
TOTAL ASSETS	$ 119,185	$ 103,225
LIABILITIES AND NET ASSETS		
Current:		
Accounts payable	$ 10,530	$ 8,031
Accrued vacation pay	4,803	4,107
Deferred contributions (Note 5)	2,857	703
	18,190	12,841
Deferred contributions (Note 5)	1,012	907
Deferred capital contributions (Note 6)	18,593	4,078
Unamortized external capital contributions (Note 7)	71,229	73,634
	109,024	91,460
Net assets:		
Unrestricted (Note 8)	6,528	7,981
Investment in capital assets	3,633	3,784
	10,161	11,765
TOTAL LIABILITIES AND NET ASSETS	$ 119,185	$ 103,225

The accompanying notes and schedules are part of these financial statements.

EAST CENTRAL REGIONAL HEALTH AUTHORITY 7
STATEMENT OF OPERATIONS
MARCH 31, 2002

(thousands of dollars)

	2002		2001
	Budget (Note 9)	Actual	Actual
Revenue			
Alberta Health and Wellness contributions (Note 10)	$ 129,881	$ 127,918	$ 118,364
Other government contributions (Note 11)	4,760	3,177	4,230
Fees and charges	11,053	11,602	11,271
Ancillary operations, net (Note 12)	27	42	48
Donations	134	307	283
Investment and other income (Note 13)	1,683	2,015	1,934
Amortization of external capital contributions, health operations (Note 7)	3,977	3,857	3,883
TOTAL REVENUE	151,515	148,918	140,013
Expenses (Schedule 1)			
Facility-based inpatient acute care services	27,653	28,783	25,232
Facility-based emergency and outpatient services	5,075	5,406	3,142
Facility-based continuing care services (Note 14)	29,559	28,111	26,542
Community and home-based services	14,648	15,045	13,464
Diagnostic and therapeutic services	21,519	20,531	18,810
Promotion, prevention and protection services	4,541	4,585	3,783
Research and education	56	56	54
Administration (Note 15)	10,088	9,704	9,204
Information technology and we//net (Note 16)	1,935	2,002	1,895
Support services (Note 17)	34,838	33,225	31,906
Amortization of facilities and improvements, health operations	3,243	3,069	3,154
TOTAL EXPENSES	153,155	150,517	137,186
(Deficiency) excess of revenue over expenses	$ (1,640)	$ (1,599)	$ 2,827

EAST CENTRAL REGIONAL HEALTH AUTHORITY 7
STATEMENT OF CHANGES IN NET ASSETS
MARCH 31, 2002
(thousands of dollars)

	2002			2001
	Unrestricted (Note 8)	Invested in Capital Assets	Total	Total
(Deficiency) excess of revenue over expenses	$ (1,599)	$ -	$ (1,599)	$ 2,827
Capital assets purchased with internal funds	(473)	473	-	-
Amortization on internally funded capital assets:				
capital equipment	609	(609)	-	-
facilities and improvements	2	(2)	-	-
Disposal of capital assets, internally funded	5	(5)	-	-
Transfer of capital assets, internally funded (Note 23)	8	(8)		
Transfer of capital grant (Note 23)	(5)	-	(5)	-
Refund of capital contributions from proceeds on sale of land	-	-	-	(90)
Net change	(1,453)	(151)	(1,604)	2,737
Balance at beginning of year	7,981	3,784	11,765	9,028
Balance at end of year	$ 6,528	$ 3,633	$ 10,161	$ 11,765

EAST CENTRAL REGIONAL HEALTH AUTHORITY 7
STATEMENT OF CASH FLOWS
MARCH 31, 2002
(thousands of dollars)

	2002		2001
	Budget	Actual	Actual
Cash (used by) generated from:			
Operating activities:			
(Deficiency) excess of revenue over expenses	$ (1,640)	$ (1,599)	$ 2,827
Non-cash transactions:			
Amortization of capital equipment:			
internally funded	397	609	386
externally funded	750	789	744
Amortization of facilities and improvements	3,243	3,069	3,154
Amortization of external capital contributions (Note 7)	(3,990)	(3,859)	(3,885)
Gain on disposal of capital equipment	-	(20)	(3)
	(1,240)	(1,011)	3,223
Change in non-cash working capital account	(58)	3,671	(854)
Cash (used by) generated from operations	(1,298)	2,660	2,369
Investing activities:			
Purchase of capital assets:			
internally funded	(833)	(473)	(1,076)
externally funded (Note 6):			
equipment	(1,861)	(2,618)	(886)
facilities and improvements	(1,000)	-	-
Proceeds on sale of capital assets	-	31	93
Capital assets transferred (Note 23)	-	1,164	-
Increase in allocations to non-current cash	(18,822)	(14,620)	(3,752)
Cash used by investing activities	(22,516)	(16,516)	(5,621)
Financing activities:			
Increase (decrease) in non-current deferred contributions (Note 5)	5,000	105	(298)
Capital contributions received (Note 6)	16,683	17,133	4,936
Capital assets transferred (Note 23)	-	(1,164)	-
Refund of capital contributions from proceeds on sale of land	-	-	(90)
Cash generated from financing activities	21,683	16,074	4,548
Increase (decrease) in cash and temporary investments	(2,131)	2,218	1,296
Cash and temporary investments, beginning of year	17,845	17,845	16,549
Cash and temporary investments, end of year	$ 15,714	$ 20,063	$ 17,845

EAST CENTRAL REGIONAL HEALTH AUTHORITY 7

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2002

(thousands of dollars)

Note 1 Authority, Purpose and Operations

The East Central Regional Health Authority 7 (the "Authority") was established on June 24, 1994 under the authority of the Regional Health Authorities Act, Chapter R-10, and Revised Statutes of Alberta 2000. The Authority is exempt from the payment of income tax and is a registered charity under the Income Tax Act.

The Authority is responsible for the delivery of appropriate, accessible and affordable health services in the region. This responsibility includes operating programs designed to promote, protect, maintain, restore and enhance physical and mental wellbeing.

The operations of the Authority include the following facilities and sites:

- Camrose Community Health Services
- Castor Community Health Services
- Consort Community Health Services
- Consort Health Centre
- Coronation Community Health Services
- Coronation Health Centre
- Daysland Health Centre
- Galahad Health Centre
- Hardisty Health Centre
- Islay Health Centre
- Kitscoty Community Health Services
- Provost Community Health Services
- Provost Health Centre
- Sedgewick Community Health Services
- Stettler Community Health Services
- Stettler Health Centre
- Tofield Community Health Services
- Tofield Health Centre
- Vermilion Community Health Services
- Vermilion Health Centre
- Viking Community Health Services
- Viking Health Centre
- Wainwright Community Health Services
- Wainwright Health Centre

These financial statements do not include the assets, liabilities and operations of any voluntary or private facilities providing health services in the region. Information on these facilities is disclosed in Note 18(d).

Note 2 Significant Accounting Policies and Reporting Practices

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles and the reporting requirements of Financial Directive 19 issued by Alberta Health and Wellness which require management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Following are the significant accounting policies:

(a) Basis of Presentation

(1) These financial statements do not include the assets, liabilities nor operations of the foundations described in Note 18(b), which are controlled by the Authority.

(2) These financial statements have been prepared using the deferral method, the key elements of which are:

(i) Unrestricted operating grants and other contributions are recognized as revenue in the year when they become receivable.

(ii) Externally restricted non-capital contributions are deferred and recognized as revenue in the year when related expenses are incurred.

(iii) Externally restricted capital contributions are recorded as deferred capital contributions until the amount is invested in capital assets. Amounts invested, representing externally funded capital assets, are then transferred to unamortized external capital contributions. Unamortized external capital contributions are recognized as revenue in the periods in which the related amortization expense of the funded capital asset is recorded.

(iv) Endowments and restricted contributions to purchase capital assets, which will not be amortized, are recorded as direct increases to net assets.

(v) Unrestricted investment income is recognized in the year it is earned.

(vi) Investment income subject to external restrictions is, depending on the nature of the restrictions, recorded as a direct increase to net assets, or is deferred and recognized as revenue in the year the related expenses are incurred.

(vii) Donations and contributions in kind are recorded at fair value when such value can reasonably be determined.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(b) Full Cost

The Authority accounts for all costs and revenues related to services carried out for which it is responsible.

The fair value of costs of services is recorded. Fair value transactions as recorded consist of the following:

(i) Revenue earned by contracted health service operators from Ministry of Health and Wellness designated fees and charges are recorded as fees and charges of the Authority. An equivalent amount is recorded as contracted health service operator expense of the Authority.

(ii) Payments from Alberta Health and Wellness directly to contracted health service operators are recorded as revenue and an equivalent amount is recorded as program expenses as these payments represent part of the cost of the Authority's health programs.

(iii) The fair value for use of acute care facilities not owned by the Authority is recorded as revenue from other government contributions or donations, and also as program expense, since contract payments from the Authority do not include an amount for use of these facilities.

(iv) The fair value for the use of non-acute care facilities not owned by the Authority and provided to the Authority at zero or nominal rent is recorded as other government contributions and as program expenses.

(v) Other assets, supplies and service contributions that would otherwise have been purchased are recorded as revenue and expenses, at fair value at the date of contribution, when a fair value can be reasonably determined. Volunteers contribute a significant amount of time each year to assist the Authority in carrying out its programs and services. However, the value of volunteers' contributed services is not recognized as revenue and expenses in the financial statements because fair value cannot be reasonably determined.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(c) Employee Future Benefits

The Authority participates in the Local Authorities Pension Plan. This is a multi-employer defined benefit pension plan that provides pensions for the Authority's participating employees, based on years of service and earnings.

Defined contribution plan accounting is applied to a multi-employer defined benefit plan for which the Authority has insufficient information to apply defined benefit plan accounting.

Pension costs included in these financial statements comprise the amount of employer contributions required for its employees during the year, based on rates which are expected to provide benefits payable under the pension plan. The Authority's portion of the pension plan deficit or surplus is not recorded.

The Authority fully accrues its obligation for employee non-pension future benefits.

(d) Investments

Non-current investments are recorded at cost. Cost includes the amount of applicable amortization of discount or premium using the straight-line method over the period to maturity. The cost of disposal is determined on the average cost basis. Gains or losses realized on disposal are recognized in the period of disposal.

Where there has been a loss in the value of an investment other than a temporary decline, the investment is written down to recognize the loss. The written down value is deemed to be the new cost.

(e) Financial Instruments

The carrying value of temporary investments, accounts receivable, contributions receivable, accounts payable and accrued liabilities approximates their fair value because of the short-term maturity of these items.

(f) Inventories

Inventories are valued at the lower of cost (moving average) or net realizable value.

(g) Capital Assets

Capital assets and technology projects in progress are recorded at cost. Capital assets with unit costs less than $5,000 are expensed.

Capital assets are amortized over their estimated useful lives on a straight-line basis as follows:

	Useful Life
Land improvements	10-20 years
Buildings and improvements	20-40 years
Furniture and equipment	5-20 years

Construction and technology projects in progress are not amortized until the project is complete.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(h) Trust Funds Received by the Authority for Non-owned Facilities

The Authority receives trust funds from Alberta Infrastructure that are to be paid to operators of non-owned facilities for capital purposes or facility repairs. These amounts are not reflected in these financial statements but are disclosed in Note 20.

(i) Measurement Uncertainty

The consolidated financial statements by their nature, contain estimates and are subject to measurement uncertainty. The amounts recorded for amortization of capital assets and amortization of external capital contributions are based on estimates of the useful life of the related assets. Actual results could differ from these estimates. Also, the Authority is currently included in the Goods and Services (GST) free list of Alberta Government entities and, therefore, does not record or pay GST on purchased supplies and services. This situation could change in the future if the Authority ceases to be part of the GST free list of Alberta Government.

Note 3 Cash and Temporary Investment

	2002	2001
Cash	$ 23,256	$ 6,660
Fixed income investments	14,005	13,246
Equities	2,407	2,924
	$ 39,668	$ 22,830

	2002	2001
Market value of cash and temporary investments		
Cash	$ 23,256	$ 6,660
Fixed income investments	13,861	13,325
Equities	2,730	2,768
	$ 39,847	$ 22,753
Classified as:		
Current	$ 20,063	$ 17,845
Non-current	19,605	4,985
	$ 39,668	$ 22,830

(a) Income and financial returns are exposed to credit and price risks. Credit risk relates to the possibility that a loss may occur when another party fails to perform according to terms of the contract. Price risk comprises interest rate risk and market risk. Interest rate risk relates to the possibility that investments will change in value with future fluctuations in market interest rates. Market risk relates to the possibility that investments will change in value due to future fluctuations in market prices.

To earn optimal financial returns at an acceptable level of risk, management has established a policy asset mix of 5% to 20% for cash and cash equivalents, 50% to 80% for fixed-income instruments and 15% to 35% for equities. Risk is reduced through asset class diversification, diversification within each asset class and quality constraints on fixed-income and equity instruments.

Note 3 Cash and Temporary Investments (continued)

(b) Publicly traded fixed-income instruments are managed with the objective of providing optimal returns while maintaining maximum security of capital. Return is optimized within risk constraints on the portfolio by management of duration and issuer mix.

Fixed-income securities, such as bonds, have an average effective yield of 4.8% per annum for securities maturing between 1 and 31 years. As at March 31, 2002, the securities have the following term structure based on par:

1 to 5 years	44%
6 to 10 years	31%
Over 10 years	25%

(c) Equities comprise publicly traded equities. Risk is reduced by prudent security selection.

Non-current cash and investments represent the following:

	2002	2001
Externally restricted for:		
Healthy Aging Partnership Initiatives (Note 5)	$ 1,012	$ 907
Camrose continuing care capital project (Note 6)	18,420	3,900
Externally restricted for capital acquisitions (Note 6)	173	178
	$ 19,605	$ 4,985

Note 4 Capital Assets

	2002			2001
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	$ 1,067	$ -	$ 1,067	$ 1,072
Land improvements	3,269	2,230	1,039	1,219
Buildings and improvements	116,235	50,484	65,751	69,768
Furniture and equipment	26,507	20,029	6,478	5,047
Contruction and technology projects in progress	527	-	527	312
	$ 147,605	$ 72,743	$ 74,862	$ 77,418

Capital assets have been funded from the following sources:

	2002	2001
Externally funded (unamortized external capital contributions)	$ 71,229	$ 73,634
Internally funded (invested in capital assets)	3,633	3,784
	$ 74,862	$ 77,418

Note 5 Deferred Contributions

	2002	2001
Amounts received from:		
Alberta Health and Wellness	$ 3,131	$ 428
Other government	2,431	1,164
Donors	5	24
Interest on externally restricted contributions	108	-
Amounts recognized as revenue:		
Alberta Health and Wellness (Note 10)	(2,637)	(749)
Other government (Note 11)	(706)	(1,710)
Donations	(5)	(32)
Unexpended amounts returned	(73)	(838)
Amounts transferred from (to) deferred capital contributions (Note 6)	5	(192)
Change during the year	2,259	(1,905)
Balance, beginning of year	1,610	3,515
	$ 3,869	$ 1,610

	2002	2001
Change during the year comprises:		
Current	$ 2,154	$ (1,607)
Non-current	105	(298)
	$ 2,259	$ (1,905)

	2002	2001
Unspent amounts at end of year restricted for the following purposes:		
Current:		
Alberta Health and Wellness		
Early childhood development	$ 214	$ -
Physician on-call programs	179	-
Ambulatory care systems development	83	-
Action for Health children's initiatives	63	-
Archival blood review	-	50
Fetal alcohol syndrome project	-	8
Other government:		
Capital upgrading projects	2,273	645
Cervical cancer screening program	40	-
Minor equipment grant	5	-
	2,857	703
Long-term:		
Other government:		
Healthy Aging Partnership Initiatives (Note 3)	1,012	907
	$ 3,869	$ 1,610

Note 6 Deferred Capital Contributions

Deferred capital contributions balance represents amounts accounted for in accordance with accounting policy described in Note 2(a)(2)(iii).

	2002	2001
Amounts received:		
Restricted other government contributions	$ 16,730	$ 4,627
Donations restricted for capital purposes	289	119
Interest earned on deferred capital contributions	119	-
	17,138	4,746
Amounts transferred (to) from deferred non-capital contributions (Note 5)	(5)	192
Capital amounts transferred to trust (Heliport construction)	-	(2)
	17,133	4,936
Transferred to:		
Unamortized external capital contributions (Note 7)	(2,618)	(886)
Change during the year	14,515	4,050
Balance, beginning of year	4,078	28
Balance, end of year	$ 18,593	$ 4,078

	2002	2001
Balance at end of the year is restricted for the following purposes:		
Externally restricted for capital acquisitions: (Note 3)		
Information technology project (pharmacy)	$ 45	$ 178
Equipment replacement	125	-
Telehealth equipment	3	-
	173	178
Camrose continuing care capital project (Note 3)	18,420	3,900
	$ 18,593	$ 4,078

Note 7 Unamortized External Capital Contributions

Unamortized external capital contributions reflect transactions accounted for in accordance with the accounting policy described in Note 2(a)(2)(iii). The balance at end of year represents the external capital contributions that will be recognized as revenue in future years.

	2002	2001
Balance at beginning of year	$ 73,634	$ 76,633
Add amounts transferred from deferred capital contributions (Note 6)	2,618	886
Boundary realignment - capital asset transfer (Note 23)	(1,164)	-
Less amounts recognized as revenue:		
Health operations	(3,857)	(3,883)
Ancillary operations (Note 12)	(2)	(2)
	$ 71,229	$ 73,634

Note 8 Unrestricted Net Assets

The balance of unrestricted net assets can be analyzed as follows:

	2002	2001
Unrestricted net assets at regionalization - April 1, 1995	$ 2,871	$ 2,871
Changes since regionalization:		
Cumulative operating surplus	5,082	6,681
Invested in capital assets (net of amortization)	(1,425)	(1,571)
Balance	$ 6,528	$ 7,981

Note 9 Budget

The budget was approved by the Authority on November 15, 2001 and approved by the Minister of Health & Wellness.

Note 10 Alberta Health and Wellness Contributions

	2002		2001
	Budget	Actual	Actual
Unrestricted contributions	$ 129,722	$ 125,122	$ 117,452
Transfers from deferred contributions (Note 5)	-	2,637	749
Capital upgrade	159	159	163
	$ 129,881	$ 127,918	$ 118,364

Note 11 Other Government Contributions

	2002		2001
	Budget	Actual	Actual
Transfers from deferred contributions (Note 5):			
Alberta Infrastructure	$ 2,000	$ 645	$ 1,570
Others	239	61	140
	2,239	706	1,710
Fair value of rent less rent charges for non-acute care facilities used by the Authority	404	353	403
Fair value for use of non-owned acute care facilities	2,117	2,117	2,117
	$ 4,760	$ 3,177	$ 4,230

Note 12 Ancillary Operations

	2002					2001
	Non-Patient Food Services Operations	Assisted Living Projects	Other Operations	Total	Budget	Total
Revenue						
Revenue	$ 623	$ 189	$ 100	$ 912	$ 765	$ 898
Amortization of deferred capital contributions (Note 7)	2			2	3	2
	625	189	100	914	768	900
Expenses						
Other expenses	622	202	45	869	731	848
Amortization	3	-	0	3	10	4
	625	202	45	872	741	852
Excess (deficiency) of revenue over direct expenses 2001-2002	$ -	$ (13)	$ 55	$ 42	$ 27	$ 48
Excess (deficiency) of revenue over expenses 2000-2001	$ -	$ (17)	$ 65	$ 48		

Note 13 Investment and Other Income

	2002		2001
	Budget	Actual	Actual
Investment income	$ 1,124	$ 401	$ 1,115
Refund of natural gas charges	-	315	-
Other income	559	1,299	819
	$ 1,683	$ 2,015	$ 1,934

Investment income comprises interest, dividends, amortization of discount and premiums, and net gains on disposal of investments.

Other income comprised charges for laundry services to continuing care clients, home care fees, recoveries of supplies from outpatient services, and various miscellaneous services.

Note 14 Facility-Based Continuing Care Services

Facility based continuing care services include expenses associated with the Healthy Aging Partnership Initiative (HAPI) of $nil (2001 - $298).

Note 15 Administration

	2002		2001
	Budget	Actual	Actual
General administration	$ 3,616	$ 3,402	$ 3,202
Finance	987	990	961
Personnel	1,150	1,180	1,060
Administration - contract operators	4,335	4,132	3,981
	$ 10,088	$ 9,704	$ 9,204

Note 16 Information Technology and alberta we//net

	2002		2001
	Budget	Actual	Actual
alberta we net	$ -	$ -	$ 160
Information systems support	1,897	1,964	1,701
Information technology - contract operators	38	38	34
	$ 1,935	$ 2,002	$ 1,895

alberta we net is the province-wide, strategic initiative to build a health information network. The initiative brings together a broad spectrum of health professionals to use information technology to improve health service delivery to all Albertans.

The Authority's contribution was applied towards planning and pre-development activities that provided clinical and administrative deliverables in 2002, or to develop applications to support we net initiatives. In accordance with Canadian generally accepted accounting principles, $nil (2001 - $341) has been capitalized and $nil (2001 - $160) has been expensed.

Note 17 Support Services

	2002		2001
	Budget	Actual	Actual
Building maintenance, operations and security	$ 7,989	$ 6,527	$ 7,188
Education	906	807	597
Housekeeping	2,338	2,369	2,252
Laundry and linen	1,104	1,228	1,135
Materiels management	1,093	1,109	1,017
Patient food services	4,300	4,245	4,090
Patient health records	1,398	1,363	1,147
Patient registration	730	722	695
Patient transportation	1,588	1,631	1,510
Support services - contract operators	13,392	13,224	12,275
	$ 34,838	$ 33,225	$ 31,906

Note 18 Related Parties

(a) Province of Alberta

The Authority is established under the Regional Health Authorities Act. Two-thirds of the members of the Authority are elected. The Minister of Health and Wellness appoints the remaining members. Transactions between the Authority and the Province are disclosed in the statement of operations and notes 5, 6, 10 and 11 to the financial statements.

Foundations

The following controlled foundations are not consolidated in these financial statements:

(i) Viking Health Foundation

The Viking Health Foundation was established under the authorization of the Minister of Health on June 27, 1997. Representation on its Board consists of 11 members appointed by the Authority. The Viking Health Foundation was created to solicit funds from the public in order to assist the Authority in achieving its health goals for the residents of the Viking community.

	2002 (unaudited)	2001 (audited)
Total assets	$ 1,733	$ 1,733
Total liabilities	(6)	(6)
Net assets	$ 1,727	$ 1,727
Revenues	$ 180	$ 180
Expenses	(167)	(167)
Excess of revenues over expenses	$ 13	$ 13

The resources of the Foundation amounting to $1,615 (2001 - $1,615) have been restricted by the donors for the exclusive use of the Viking community.

The Viking Health Foundation prepared financial statements using the restricted fund method.

Note 18 Related Parties (continued)

(b) Foundations (continued)

(ii) Stettler Health Services Foundation

The Stettler Health Services Foundation was established under the authorization of the Minister of Health on June 9, 1998. Representation on its Board consists of 11 members appointed by the Authority. The Stettler Health Services Foundation was created to solicit funds from the public in order to assist the Authority in achieving its health goals for the residents of the Stettler community.

	2002	2001
Total assets	$ 582	$ 565
Total liabilities	(39)	(9)
Net assets	$ 543	$ 556
Revenues	$ 63	$ 557
Expenses	(75)	(60)
(Deficiency) excess of revenues over expenses	$ (12)	$ 497

The resources of the Foundation amounting to $511 (2001 - $517) have been restricted by the donors for the exclusive use of the Stettler community.

The Stettler Health Services Foundation prepared financial statements using the restricted fund method.

	Contributions Received by the Authority		Resources held by the Foundation	
	Year ended March 31,		At March 31, 2002	
	2002	2001	Externally Restricted	Unrestricted
Viking Health Foundation	$ 4	$ 4	$ -	$ 1,615
Stettler Health Services Foundation	65	54	33	510
	$ 69	$ 58	$ 33	$ 2,125

Note 18 Related Parties (continued)

(c) Other Foundations

The Authority has economic interest in the following foundations:

	Contributions Received by the Authority		Resources held by the Foundation	
	Year ended March 31,		At March 31, 2002	
	2002	2001	Externally Restricted	Unrestricted
Daysland General Hospital Foundation	$ 14	$ 6	$ -	$ 145
Wainwright & District Community Health Foundation	51	51	49	438
Coronation & District Health Care Complex Foundation	13	13	-	21
Consort Hospital Foundation	2	16	-	39
	$ 80	$ 86	$ 49	$ 643

Contributions include externally restricted amounts for equipment, programs, research, and education for the specific communities supported by the foundations.

The Board of the Authority is permitted to appoint one representative to the Board of directors of each foundation. These foundations were established to solicit funds from the public in order to assist the Authority in achieving its health goals for the residents of each community.

No administrative support was provided to the foundations referred to in (b) and (c) above. Amounts due from the foundations at year-end are as follows:

	2002	2001
Viking Health Foundation	$ 23	$ 12
Stettler Health Services Foundation	11	17
	$ 34	$ 29

Note 18 Related Parties (continued)

(d) Voluntary and Private Health Service Operators

The Authority contracts with voluntary and private health service operators to provide health services in the Region. The health service operators and the amount of the contracted health services for the year are as follows:

	2002				2001
	Direct Authority Funding	Approved Patient Fees and Charges	Full Cost Adjust-ments	Total	Total
Economic interest:					
St Mary's Hospital, Camrose	$ 15,743	$ 287	$ 1,479	$ 17,509	$ 15,839
The Bethany Group, Camrose	14,393	3,005	-	17,398	16,339
Lloydminster Health District	10,919	1,450	310	12,679	11,454
Sisters of St. Joseph (Killam)	3,224	495	95	3,814	3,282
Our Lady of the Rosary, Castor	2,491	210	233	2,934	2,552
Other providers:					
Laboratory Contracts	2,415	-	-	2,415	2,066
Extendicare (Canada) Inc.	1,846	611	159	2,616	2,489
Lloydminster Public School District	25	-	-	25	25
Lloydminster Catholic School Division	7	-	-	7	7
Lloydminster Early Intervention Program	73	-	-	73	73
Wainwright Association for Community Living	32	-	-	32	32
City of Lloydminster	5	-	-	5	5
	$ 51,173	$ 6,058	$ 2,276	$ 59,507	$ 54,163
Reported in the following expense categories:					
Facility based inpatient acute care services				$ 13,245	$ 11,745
Facility based emergency and outpatient services				2,279	1,802
Facility based continuing care services				15,343	14,043
Community and home based services				1,597	1,720
Diagnostic and therapeutic services				9,380	8,548
Promotion, prevention and protection services				262	5
Administration				4,133	3,981
Information technology and we net				38	34
Support services				13,230	12,285
				$ 59,507	$ 54,163

The Authority has an economic interest in the organizations listed above as they perform significant functions on behalf of the Authority that are integral to the Authority achieving its health goals and objectives.

Note 19 Pension Costs

The Authority participates in the Local Authorities Pension Plan which is a multi-employer defined benefit plan. The pension expense recorded in these financial statements is equivalent to the Authority's annual contributions payable of $2,042 for the year ended March 31, 2002 (2001 - $1,856).

At December 31, 2001, the Local Authorities Pension Plan reported a surplus of $634,960 (2000 - $888,823).

Note 20 Trust Funds

The Authority receives funds in trust from Alberta Health and Wellness and Alberta Infrastructure for non-owned facilities for capital purposes and facility repairs. In addition, the Authority is providing fiscal management of funds received in trust from Alberta Health and Wellness for the Continuing Care Information and Accountability project and the Alzheimer's Dementia project. These amounts are not included in the operations, assets or liabilities reported in these financial statements.

During the year the Authority received $5,809 (2001 - $3,890) and disbursed $1,901 (2001 - $372) for the above noted items. The balance of funds held by the Authority is $7,971 (2001 - $4,063).

Note 21 Commitments

The Authority contracts on an ongoing basis with voluntary and private health service operators to provide health services (Note 18 (d)). The Authority has contracted for services in the year ending March 31, 2003 similar to those provided by these operators in 2002.

In order to manage its exposure to the volatility in the electrical industry, the Board has entered into a four year contract, expiring December 31, 2004, to purchase electrical energy at a fixed price of $9.265 per MWh. Based on 2002 consumption, the annual costs for the year ending March 31, 2003 are expected to be $1,673.

Note 22 Physician Payments

The cost of physician fees paid by Alberta Health & Wellness for services rendered to the residents of East Central Regional Health Authority 7 amounted to $35,899 (2001 - $33,499). These amounts are not reflected in the financial statements.

Note 23 Boundary Realignment

During the year, the Minister of Health & Wellness announced a realignment to the boundaries of the Authority and Lakeland Regional Health Authority. This resulted in a decrease in the geographic size of the region. The operations of the Mannville Health Centre and related community services were transferred from the Authority to the Lakeland Regional Health Authority. The following assets were transferred at net book value:

Land	$	5
Land improvements		59
Buildings and improvements		1,070
Furniture & equipment		38
	$	1,172
Funding:		
Transfer of unamortized external contributions (Note 7)	$	1,164
Transfer of capital grant - land		5
Transfer of internally funded furniture & equipment		3
	$	1,172

Note 24 Comparative Figures

Certain 2001 figures have been reclassified to conform to the 2002 presentation.

Note 25 Approval of Financial Statements

These financial statements have been approved by the Authority.

Schedule 1

EAST CENTRAL REGIONAL HEALTH AUTHORITY 7
SCHEDULE OF EXPENSES BY OBJECT
FOR THE YEAR ENDED MARCH 31, 2002

(thousands of dollars)

	2002 Budget	2002 Actual	2001 Actual
Salaries, benefits, allowances and severance (Schedule 2)	$ 64,869	$ 65,220	$ 59,340
Contracts with health service operators (Note 18 (d))	59,086	59,507	54,163
Drugs, gases, medical and surgical supplies	2,108	2,471	2,552
Other contracted services	3,054	3,270	1,207
Other	20,389	16,474	16,492
Amortization			
Capital equipment - internally funded (net of gains losses)	397	608	386
Capital equipment - externally funded (net of gains losses)	750	770	744
Facilities and improvements	3,243	3,069	3,154
	153,896	151,389	138,038
Less amounts reported in ancillary operations (Note 12)	(741)	(872)	(852)
	$ 153,155	$ 150,517	$ 137,186

Schedule 2

EAST CENTRAL REGIONAL HEALTH AUTHORITY 7
SCHEDULE OF SALARIES, HONORARIA, BENEFITS, ALLOWANCES AND SEVERANCE
FOR THE YEAR ENDING MARCH 31, 2002

(thousands of dollars)

	2002							2001			
					Severance						
	Number of Individuals	Salaries and Honoraria [1]	Benefits and Allowances [2]	Sub-total	Number of Individuals	Amount	Total	Number of Individuals	Salaries, Benefits & Allowances	Severance [3]	Total
Authority/Board Compensation											
Chair - E. Andersen	1	19	-	19	-	-	19	1	21	-	21
M. Arnold (April 2000 - November 2001)	1	8	-	8	-	-	8	1	10	-	10
G. Bergman	1	7	-	7	-	-	7	1	8	-	8
H. Chesterman (commencing November 2001)	1	4	-	4	-	-	4	-	-	-	-
R. Crooker	1	9	-	9	-	-	9	1	9	-	9
N. Dennis	1	9	-	9	-	-	9	1	7	-	7
R. Dueck (April 2000 - November 2001)	1	5	-	5	-	-	5	1	6	-	6
G. Galenza (commencing November 2001)	1	4	-	4	-	-	4	-	-	-	-
K. Griffiths (April 2000 - November 2001)	1	5	-	5	-	-	5	1	7	-	7
P. Gulak (commencing November 2001)	1	5	-	5	-	-	5	-	-	-	-
J. Harris (April 2000 - November 2001)	1	7	-	7	-	-	7	1	13	-	13
L. Heinemann (April 2000 - November 2001)	1	5	-	5	-	-	5	1	8	-	8
J. Hunter	1	7	-	7	-	-	7	1	6	-	6
R. Israelson	1	9	-	9	-	-	9	1	11	-	11
L. Johnson	1	8	-	8	-	-	8	1	9	-	9
C. Mastel (commencing November 2001)	1	3	-	3	-	-	3	-	-	-	-
B. Sanregret (April 2000 - November 2001)	1	5	-	5	-	-	5	1	10	-	10
M. Schreiber	1	8	-	8	-	-	8	1	12	-	12
Subtotal - Board Members	18	127	-	127	-	-	127	14	137	-	137

Schedule 2 (continued)

EAST CENTRAL REGIONAL HEALTH AUTHORITY 7

SCHEDULE OF SALARIES, HONORARIA, BENEFITS, ALLOWANCES AND SEVERANCE

FOR THE YEAR ENDING MARCH 31, 2002

(thousands of dollars)

	2002				Severance			2001			
	Number of FTEs [1]	Salaries and Honoraria	Benefits and Allowances [3]	Sub-total	Number of Individuals	Amount	Total	Number of FTEs	Salaries Benefits & Allowances	Severance [4]	Total
Staff											
Chief Executive Officer	1.0	166	31	197	-	-	197	1.0	178	-	178
Management persons reporting to the CEO:											
Vice President - Health Services	1.0	114	14	128	-	-	128	1.0	123	-	123
Vice President - Medical Services	0.7	132	14	146	-	-	146	0.5	101	-	101
Director - Communications	1.0	89	-	89	-	-	89	1.0	84	-	84
Chief Corporate Services Officer	1.0	104	14	118	-	-	118	1.0	114	-	114
Chief Human Resources Officer	1.0	106	15	121	-	-	121	0.8	82	-	82
Chief Financial Officer	1.0	107	14	121	-	-	121	1.0	118	-	118
Other management persons reporting to those above											
(avg. 2002 $91; avg. 2001 $83 excluding severance)	17.6	1,393	208	1,601	-	-	1,601	17.7	1,466	20	1,486
Other management											
(avg. 2002 $82; avg. 2001 $77 excluding severance)	51.5	3,711	534	4,245	-	-	4,245	53.6	4,142	-	4,142
Regulated nurses not included above											
(avg. 2002 $62; avg. 2001 $53 excluding severance)	400.5	21,461	3,231	24,692	-	-	24,692	404.1	21,406	-	21,406
Other health technical and professionals											
(avg. 2002 $54; avg. 2001 $50 excluding severance)	183.1	8,672	1,232	9,904	-	-	9,904	181.2	9,091	-	9,091
Unregulated health service providers											
(avg. 2002 $31; avg. 2001 $29 excluding severance)	301.9	8,159	1,103	9,262	-	-	9,262	305.2	8,820	-	8,820
Other staff											
(avg. 2002 $37; avg. 2001 $34 excluding severance)	393.1	12,360	2,087	14,447	2	22	14,469	401.4	13,487	9	13,496
Subtotal - Staff	1,354.4	56,574	8,497	65,071	2	22	65,093	1,369.7	59,174	29	59,203
Total		$ 56,701	$ 8,497	$ 65,198		$ 22	$ 65,220		$ 59,311	$ 29	$ 59,340

EAST CENTRAL REGIONAL HEALTH AUTHORITY 7

SCHEDULE OF SALARIES, HONORARIA BENEFITS, ALLOWANCES AND SEVERANCE

FOR THE YEAR ENDED MARCH 31, 2002

(1) Full time equivalent (FTE) has been determined as follows:

- (a) For those employees governed by the AUPE Community Health Services collective agreement a FTE is defined as 1,827 hours per annum.
- (b) For those employees governed by the UNA collective agreement, a FTE is defined as 1,921 hours per annum.
- (c) For all other employees a FTE is defined as 2,023 hours per annum.

Total actual discrete number of individuals employed: 1,921 (2001 - 1,924).

(2) Salaries include regular base pay, overtime, lump sum payments, honoraria and any other direct cash remuneration including sick leave, short-term disability and vacation.

(3) Benefits and allowances included the employers share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, out of country medical benefits, group life insurance, accidental death and dismemberment, long-term disability plans, Canada Pension Plan, employment insurance, workers compensation, car benefits and allowances and tuition.

(4) Severance includes:

All monies paid directly or on behalf of an employee upon termination which are not included in salaries and benefits; and forgiveness of debt; future payments in the amount of $nil on existing contracts between the Authority and the employees for services that no longer will be provided by the employees; continued payment for Authority share of benefits identified in 3 above, that will continue to be paid and outplacement training and counseling, office space and administrative support.

(5) The total amount is reported in Schedule 1.

Schedule 3

EAST CENTRAL REGIONAL HEALTH AUTHORITY 7
THREE YEAR SUMMARY OF REVENUE AND EXPENSES
FOR THE PERIOD COMMENCING April 1, 2000

(thousands of dollars)

	Actual			Pro-forma		
	2002	2001	2000	2002	2001	2000
Revenues						
Alberta Health and Wellness contributions	$ 127,918	$ 118,364	$ 110,958	$ 127,918	$ 118,496	$ 110,743
Other government contributions	3,177	4,230	4,882	3,177	4,230	4,882
Fees and charges	11,602	11,271	11,222	11,602	11,055	11,028
Ancillary operations, net	42	48	78	42	48	61
Donations	307	283	310	307	283	306
Investment and other income	2,015	1,934	1,536	2,015	1,930	1,532
Amortization of external capital contributions, health operations	3,857	3,883	3,826	3,857	3,796	3,800
	148,918	140,013	132,812	148,918	139,838	132,352
Expenses						
Facility based inpatient acute care services	28,783	25,232	22,823	28,783	25,176	22,769
Facility based emergency and outpatient services	5,406	3,142	3,336	5,406	4,755	4,564
Facility based continuing care services	28,111	26,542	24,865	28,111	25,882	24,257
Community and home based services	15,045	13,464	12,945	15,045	13,300	12,792
Diagnostic and therapeutic services	20,531	18,810	18,115	20,531	18,612	17,905
Promotion, prevention and protection services	4,585	3,783	2,803	4,585	3,726	2,750
Research and education	56	54	65	56	54	65
Administration	9,704	9,204	8,378	9,704	9,204	8,378
Information technology and wc net	2,002	1,895	1,718	2,002	1,895	1,718
Year 2000 remedial costs	-	-	1,364	-	-	1,364
Support services	33,225	31,906	30,734	33,225	31,324	30,195
Amortization of facilities and improvements, health operations	3,069	3,154	3,152	3,069	3,083	3,081
	150,517	137,186	130,298	150,517	137,011	129,838
(Deficiency) excess of revenue over expenses	$ (1,599)	$ 2,827	$ 2,514	$ (1,599)	$ 2,827	$ 2,514

Proforma information results from:

a) Boundary change effective April 1, 2001 for the transfer of health services in the Mannville community to Lakeland Regional Health Authority amounted to a reduction in Alberta Health and Wellness contributions of $1,487 for 2001 and $1,495 for 2000.

b) Transfer of rural physician on-call payments effective April 1, 2001 amounted to an increase in Alberta Health and Wellness contributions of $1,619 for 2001 and $1,280 for 2000.

WestView Regional Health Authority

Financial Statements

March 31, 2002

WESTVIEW REGIONAL HEALTH AUTHORITY

FINANCIAL STATEMENTS

MARCH 31, 2002

Auditor's Report

Management's Responsibility for Financial Reporting

Statement of Financial Position

Statement of Operations

Statement of Changes in Net Assets

Statement of Cash Flows

Notes to the Financial Statements

Schedule 1 - Schedule of Expenses by Object

Schedule 2 - Schedule of Salaries, Honoraria, Benefits, Allowances and Severance

Schedule 3 – Three Year Summary of Revenues and Expenses

AUDITOR
GENERAL
Alberta

AUDITOR'S REPORT

To the Members of the WestView Regional Health Authority
and the Minister of Health and Wellness

I have audited the statement of financial position of the WestView Regional Health Authority ("the Authority") as at March 31, 2002 and the statements of operations, changes in net assets, and cash flows for the year then ended. These financial statements are the responsibility of the Authority's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Authority as at March 31, 2002 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Edmonton, Alberta
June 7, 2002, except for Note 30, which is
June 27, 2002

Fred J Dunn CA
Auditor General

WESTVIEW REGIONAL HEALTH AUTHORITY

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

FINANCIAL STATEMENTS

MARCH 31, 2002

The accompanying financial statements are the responsibility of management and have been approved by the Authority. The financial statements were prepared in conformity with Canadian generally accepted accounting principles and the Financial Directives issued by Alberta Health and Wellness, and of necessity include some amounts that are based on estimates and judgments.

To discharge its responsibility for the integrity and objectivity of financial reporting, management maintains a system of internal accounting controls comprising written policies, standards and procedures, a formal authorization structure, and satisfactory processes for reviewing internal controls. This system is designed to provide management with reasonable assurance that transactions are in accordance with governing legislation, are properly authorized, reliable financial records are maintained, and assets are adequately accounted for and safeguarded. The Authority has established a code of ethics and corporate directives, which require communication of the code to employees.

The Board meets with management, and the Auditor General to discuss and review financial matters, and approves the statements. The Auditor General has full and free access to the Board.

The Auditor General provides an independent audit of the financial statements. His examination is conducted in accordance with Canadian generally accepted auditing standards and includes tests and other procedures, which allow him to report on the fairness of the financial statements prepared by management.

Larry Smook

Larry Smook
Chief Executive Officer
June 25, 2002

Pat Eagar, CMA MBA
Director of Corporate Services

WESTVIEW REGIONAL HEALTH AUTHORITY
STATEMENT OF FINANCIAL POSITION
MARCH 31, 2002
(thousands of dollars)

	2002	2001
ASSETS		
Current:		
Cash (Note 4)	$ 5,862	$ 6,322
Accounts receivable	1,057	1,270
Contributions receivable (Note 5)	2,010	1,165
Inventories	571	646
Prepaid expenses	881	671
Current portion of other assets (Note 7)	92	-
	10,473	10,074
Non-current cash (Note 4)	5,314	1,599
Capital assets (Note 6)	48,707	49,553
Other assets (Note 7)	2,689	-
TOTAL ASSETS	$ 67,183	$ 61,226
LIABILITIES AND NET ASSETS		
Current:		
Accounts payable	$ 6,844	$ 4,422
Accrued vacation pay	2,265	1,939
Deferred contributions (Note 9)	2,108	1,791
	11,217	8,152
Deferred contributions (Note 9)	7,276	-
Deferred capital contributions (Note 10)	727	1,599
Unamortized external capital contributions (Note 11)	44,219	44,493
	52,222	46,092
Net assets:		
Unrestricted (Note 12)	(744)	1,922
Investment in capital assets	4,488	5,060
Operating net assets	3,744	6,982
TOTAL LIABILITIES AND NET ASSETS	$ 67,183	$ 61,226

The accompanying notes and schedules are part of these financial statements.

WESTVIEW REGIONAL HEALTH AUTHORITY
STATEMENT OF CHANGES IN NET ASSETS
MARCH 31, 2002
(thousands of dollars)

	2002			2001
	Unrestricted (Note 12)	Investment in Capital Assets	Total	Total
Deficiency of revenues over expenses	$ (3,238)	$ -	$ (3,238)	$ (377)
Capital assets purchased with internal funds	(171)	171	-	-
Amortization on internally funded capital assets	743	(743)	-	-
Donation of land (Note 26)	-	-	-	140
Net change	(2,666)	(572)	(3,238)	(237)
Balance at beginning of year	1,922	5,060	6,982	7,219
Balance at end of year	$ (744)	$ 4,488	$ 3,744	$ 6,982

The accompanying notes and schedules are part of these financial statements.

WESTVIEW REGIONAL HEALTH AUTHORITY
STATEMENT OF OPERATIONS
MARCH 31, 2002
(thousands of dollars)

	2002 Budget (Note 14)	2002 Actual	2001 Actual
Revenues			
Alberta Health and Wellness contributions (Note 15)	$ 54,547	$ 54,980	$ 46,496
Other government contributions (Note 16)	1,545	2,321	2,030
Fees and charges	4,902	5,129	4,545
Ancillary operations, net (Note 17)	(113)	58	(183)
Donations	90	107	91
Investment and other income (Note 18)	667	576	681
Amortization of external capital contributions, health operations (Note 11)	2,040	2,877	2,110
TOTAL REVENUE	63,678	66,048	55,770
Expenses (Schedule 1)			
Facility based inpatient services	8,503	9,021	7,280
Facility based emergency and outpatient services	4,875	4,869	3,772
Facility based continuing care services (Note 19)	6,361	6,940	4,468
Community and home based services	6,918	6,725	6,224
Diagnostic and therapeutic services	11,386	11,407	9,395
Promotion, prevention and protection services	5,360	5,037	4,518
Administration (Note 20)	4,415	4,587	3,519
Information technology and we net (Note 21)	1,230	1,139	1,154
Support Services (Note 22)	16,681	17,474	14,296
Amortization of facilities and improvements, health operations	1,432	1,399	1,521
Write-down of facilities and improvements (Note 23)	-	688	-
TOTAL EXPENSES	67,161	69,286	56,147
Deficiency of revenues over expenses	$ (3,483)	$ (3,238)	$ (377)

The accompanying notes and schedules are part of these financial statements.

WESTVIEW REGIONAL HEALTH AUTHORITY
STATEMENT OF CASH FLOWS
MARCH 31, 2002
(thousands of dollars)

	2002 Budget	2002 Actual	2001 Actual
Cash generated from (used by):			
Operating activities			
Deficiency of revenues over expenses	$ (3,483)	$ (3,238)	$ (377)
Non-cash transactions:			
Amortization of capital equipment - internally funded	716	743	716
Amortization of capital equipment - externally funded	588	790	589
Amortization of facilities and improvements - health operations	1,432	1,399	1,432
Amortization of facilities and improvements - ancillary operations	20	20	19
Amortization of external capital contributions - health operations	(2,040)	(2,877)	(2,110)
Amortization of external capital contributions - ancillary operations	-	(20)	(19)
Write down of facilities and improvements	-	688	-
Loss on disposal of facilities and improvements	-	-	89
Gain on disposal of capital equipment	-	(28)	(3)
	(2,767)	(2,523)	336
Change in non-cash working capital account	2,205	2,206	(589)
Cash used by operating activities	(562)	(317)	(253)
Investing activities:			
Purchase of capital assets:			
internally funded	(716)	(171)	(1,606)
externally funded (Note 10)			
capital equipment	(1,590)	(930)	(2,551)
facilities and improvements	(1,147)	(1,693)	(8,965)
Increase in other assets (Note 7)	(8,800)	(2,781)	-
Proceeds on disposal of capital equipment	-	28	3
Allocations from (to) non-current cash	949	(3,715)	(1,153)
Cash used by investing activities	(11,304)	(9,262)	(14,272)
Financing activities:			
Capital contributions received (Note 10)	1,788	1,960	12,587
Capital contributions reallocated from (to) operating activities (Note 10)	-	(209)	82
Long term care partnership contributions received (Note 9)	8,800	7,368	-
Principal payments on long-term debt	-	-	(28)
Cash generated from financing activities	10,588	9,119	12,641
Decrease in cash and temporary investments	(1,278)	(460)	(1,884)
Cash and temporary investments, beginning of year	6,322	6,322	8,206
Cash and temporary investments, end of year	$ 5,044	$ 5,862	$ 6,322

The accompanying notes and schedules are part of these financial statements.

WESTVIEW REGIONAL HEALTH AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2002
(thousand of dollars)

Note 1 Authority, Purpose and Operations

The Health Authority (the "Authority") was established on June 24, 1994 under the authority of the Regional Health Authorities Act, Chapter R-10 Revised Statutes of Alberta 2000. The Authority is exempt from the payment of income tax and is a registered charity under the Income Tax Act.

The Authority is responsible for the delivery of appropriate, accessible and affordable health services in Alberta. This responsibility includes operating programs designed to promote, protect, maintain, restore and enhance physical and mental well-being.

As at March 31, 2002, the operations of the Authority include the following facilities and sites:

Devon General Hospital
Westview Health Center - Stony Plain
Edson and District Healthcare Centre
Hinton General Hospital
Seton General Hospital
Jasper Health Unit
Hinton Health Unit
Evansburg Health Unit
Stan Woloshyn Building
Edson Health Unit

These financial statements do not include the assets, liabilities and operations of any voluntary or private facilities providing health services in the region. Information on these facilities is disclosed in Note 25.

Note 2 Significant Accounting Policies and Reporting Practices

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles and the reporting requirements of Financial Directive 19 issued by Alberta Health and Wellness. The financial statements by their nature, contain estimates and are subject to measurement uncertainty. The amounts recorded for amortization of capital assets and amortization of external capital contributions are based on estimates of the useful life of related assets. Actual results could differ from these estimates. Also the Authority is currently included in the Goods and Service (GST) free list of Alberta Government entities and therefore does not record or pay GST on purchased supplies and services. This situation could change in the future if the Authority ceases to be part of the GST free list of Alberta Government.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

The following are the significant accounting policies:

(a) These financial statements have been prepared using the deferral method, the key elements of which are:

(i) Unrestricted operating grants and other contributions are recognized as revenue in the year becoming receivable.

(ii) Externally restricted non-capital contributions are deferred and recognized as revenue in the year when related expenses are incurred.

(iii) Externally restricted capital contributions are recorded as deferred contributions until the amount is invested in capital assets. Amounts invested representing externally funded capital assets, are then transferred to unamortized external capital contributions. Unamortized external capital contributions are recognized as revenue in the periods in which the related amortization expense of the funded capital asset is recorded.

(iv) Restricted contributions to purchase capital assets which will not be amortized are recorded as direct increases to net assets.

(v) Unrestricted investment income is recognized in the year it is earned.

(vi) Investment income subject to external restrictions is, depending on the nature of the restriction, recorded as a direct increase to net assets, or is deferred and recognized as revenue in the year the related expenses are incurred.

(vii) Donations and contributions in kind are recorded at fair value when such value can reasonably be determined.

(b) Full cost

The Authority accounts for all costs and revenues related to services carried out for which it is responsible.

The fair value of costs of services is recorded. The fair value transactions recorded consist of the following:

(i) Revenues earned by contracted health service operators from Ministry of Health and Wellness designated fees and charges are recorded as fees and charges of the Authority. An equivalent amount is recorded as contracted health service operator expense of the Authority.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(b) Full cost (continued)

(ii) Other assets, supplies and service contributions that would otherwise have been purchased are recorded as revenue and expenses, at fair value at the date of contribution, when a fair value can be reasonably determined. The value of volunteers' contributed services is not reported in these financial statements because a fair value cannot be reasonably determined.

(c) Employee Future Benefits

The Authority and its eligible employees participate in the Local Authorities Pension Plan. This multi-employer defined benefit pension plan provides pensions for the Authority's participating employees, based on years of service and earnings.

Defined contribution plan accounting is applied to a multi-employer defined benefit plan for which the Authority has insufficient information to apply defined benefit plan accounting

Pension costs included in these financial statements comprise the employer's contributions required for its employees during the year, based on rates which are expected to provide for benefits payable under the pension plan. The Authority does not record its portion of the plan's deficit or surplus.

The Authority fully accrues its obligations for employee non-pension future benefits.

(d) Financial Instruments

The carrying value of accounts receivable, contributions receivable, accounts payable and accrued liabilities approximates their fair value because of the short-term maturity of these items.

(e) Inventories

Inventories are valued at the lower of cost or net realizable value.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(f) Capital Assets

Capital assets and construction projects in progress are recorded at cost. Capital assets costing less than $5,000 are expensed. Construction projects in progress are not amortized until the project is complete. Capital assets are amortized over their estimated useful lives on a straight line basis as follows:

	Useful Life
Buildings and improvements	40 years
Land improvements	20 years
Building service equipment	20 years
Vehicles and equipment	5-20 years

Note 3 Deficit From Operations

The operations of the Authority are financed through funding provided by Alberta Health and Wellness. The Authority has an accumulated unrestricted net asset deficit, a working capital deficiency and has recorded losses in the current and prior year. The operations of the Authority are dependent on the support of Alberta Health and Wellness through increased financial commitment or the Authority reducing the level of its expenditures or a combination of both. The Authority has submitted a business plan to Alberta Health and Wellness containing elements of each of the aforementioned dependencies and is waiting for an agreement to be reached between the Authority's Board of Directors and Alberta Health and Wellness. (See Note 30)

Note 4 Cash and Non-current Cash

	2002	2001
	(thousands of dollars)	
Cash	$ 11,176	$ 7,921
Allocated as follows:		
Cash	$ 5,862	$ 6,322
Non-current cash	5,314	1,599
	$ 11,176	$ 7,921

Non-current cash represent the following:

	2002	2001
Externally restricted for capital acquisitions	$ 727	$ 1,599
Externally restricted for long term care partnerships	4,587	-
	$ 5,314	$ 1,599

Note 5 Contributions Receivable

	2002	2001
	(thousands of dollars)	
Due from Alberta Health and Wellness		
Year 2000 secretariat fees	$ -	$ (41)
Telehealth funding	-	70
Import export funding	500	500
Archival blood record review	40	40
Federal funded equipment	1,230	592
Reimbursement for software licences	4	4
ICD-10 Implementation	14	-
Wellnet reimbursement	39	-
Specialists on-call	183	-
	$ 2,010	$ 1,165

Note 6 Capital Assets

	2002			2001
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
	(thousands of dollars)			
Land	$ 1,503	$ -	$ 1,503	$ 1,503
Land improvements	764	652	112	134
Buildings and improvements	55,621	14,586	41,035	41,045
Building service equipment	502	219	283	522
Vehicles and equipment	18,813	13,080	5,733	6,164
Construction in progress	41	-	41	185
	$ 77,244	$ 28,537	$ 48,707	$ 49,553

Capital assets have been funded from the following sources:

	2002	2001
	(thousands of dollars)	
Externally funded (unamortized external capital contributions)	$ 44,219	$ 44,493
Internally funded (invested in capital assets)	4,488	5,060
	$ 48,707	$ 49,553

Note 7 Other Assets

	2002	2001
	(thousands of dollars)	
Advances under long term care partnership agreements	$ 2,781	$ -
Current portion	92	-
Long-term portion	$ 2,689	$ -

During the year the Authority entered into long-term care partnership agreements with the Good Samaritan Society to provide long-term care facilities in the communities of Hinton and Evansburg. Under the terms of these agreements, the Authority is to provide the Good Samaritan Society with a forgivable advance secured on the construction costs of these continuing care facilities. This advance is forgivable over 40 years, which is equivalent to the term of the partnership agreements plus a renewable option period. During the year $2,781 has been advanced to the Good Samaritan Society for the long-term care partnerships.

The current portion of the advances under the long-term care partnership agreements represents the amount to be forgiven in the next fiscal year and is calculated based on the expected completion date of construction.

Note 8 Operating Line of Credit

The Authority has an operating line of credit to a maximum of $3 million. A general security agreement covering accounts receivable and specific equipment has been pledged as security for the operating line of credit. Interest is charged at bank prime. At year end the operating line of credit has not been drawn upon (2001 – $nil).

Note 9 Deferred Contributions

	2002	2001
	(thousands of dollars)	
Amounts received from:		
Alberta Health and Wellness	$ 1,360	$ 303
Other government - Alberta Infrastructure	8,906	1,438
- other	615	520
Donors	199	176
Investment and other	4	-
	11,084	2,437
Amounts recognized as revenue:		
Alberta Health and Wellness (Note 15)	(1,272)	(182)
Other government (Note 16)	(2,321)	(1,961)
Donations	(107)	(91)
Investment and other	-	(2)
	(3,700)	(2,236)
Amounts transferred (to) from deferred capital contributions (Note 10)		
Alberta Health and Wellness	222	-
Donations	(13)	(82)
	209	(82)
Change during the year	7,593	119
Balance, beginning of year	1,791	1,672
Balance, end of year	$ 9,384	$ 1,791

Deferred balances at end of year are restricted for the following purposes:

	2002	2001
Current		
Alberta Health and Wellness		
Health Innovation Fund projects	$ -	$ 77
Specialists on-call	183	-
Early Childhood Development program	170	-
Other	89	55
Other Government Programs		
Healthy Aging Partnership Initiatives	85	549
Long-term care partnership funding	92	-
Alberta Infrastructure	1,106	807
Other	24	27
Donations	339	260
Patient fees and charges received in advance	20	16
	2,108	1,791
Long-term		
Other Government - long-term care partnerships[1]	7,276	-
	$ 9,384	$ 1,791

1) Of the deferred long term care partnership funding amounting to $7,368, advances amounting to $2,781 have been made under the agreement (see note 7) and $4,587 remains as cash restricted for further advances (see note 4).

Note 10 Deferred Capital Contributions

Deferred capital contributions balance represents amounts accounted for in accordance with accounting policy described in Note 2(a).

	2002	2001
	(thousands of dollars)	
Amounts received:		
Restricted Alberta Health and Wellness contributions		
Federal funded equipment	$ 638	$ 592
Telehealth equipment	-	530
Other regional health authorities	130	-
Restricted other government contributions	1,192	10,180
Donation restricted for capital purposes (Note 26)	-	1,285
	1,960	12,587
Transferred from (to):		
Unamortized external capital contributions (Note 11)	(2,623)	(11,516)
Deferred contributions (Note 9)		
Alberta Health and Wellness	(222)	-
Donations	13	82
	(2,832)	(11,434)
Change during the year	(872)	1,153
Balance, beginning of year	1,599	446
Balance, end of year	$ 727	$ 1,599

Balance at end of year is restricted for the following puposes:

	2002	2001
Equipment - lottery funding	$ -	$ 9
High priority medical equipment	35	35
Federal equipment funding	535	592
Telehealth equipment funding	29	316
Capital upgrading projects - Alberta Infrastucture	30	206
WestView Health Centre, Stony Plain - construction	98	441
	$ 727	$ 1,599

Note 11 Unamortized External Capital Contributions

Unamortized external capital contributions reflect transactions accounted for in accordance with the accounting policy described in Note 2(a). The balance at end of year represents the external capital contribution that will be recognized as revenue in future years.

	2002	2001
	(thousands of dollars)	
Balance at beginning of year	$ 44,493	$ 35,106
Transfers from deferred capital contributions (Note 10)	2,623	11,516
Less amounts recognized as revenue		
Amortization of external capital contributions - health operation	(2,877)	(2,110)
Amortization of external capital contributions - ancillary	(20)	(19)
Balance at end of year	$ 44,219	$ 44,493

Note 12 Unrestricted net assets

Balance of the unrestricted net assets can be analysed as follows:

	2002	2001
	(thousands of dollars)	
Unrestricted net assets (deficit) at regionalization - April 1, 1995	$ (2,261)	$ (2,261)
Changes since regionalization:		
Cumulative operating surplus (1)	1,833	5,071
Invested in capital assets (net of amortization)	(316)	(888)
Balance	$ (744)	$ 1,922

(1) Includes significant additional funding to eliminate the deficit

Note 13 Commitments and Contingencies

Commitments: The Authority is committed to the following future annual payments:

	Long-term Care Partnership	Operating Leases	Contracted Services
	(thousands of dollars)		
2003	$ 4,587	$ 47	$ 6,926
2004	-	6	4,482
2005	-	6	4,616
2006	-	-	4,754
2007	-	-	4,897
2008	-	-	5,044

In addition to the above, the Authority has entered into an agreement for the purchase of electricity at a rate of 9.515 cents per kilowatt-hour. The agreement expires December 31, 2004.

Note 14 Budget (thousands of dollars)

	Approved Budget[1]	Amendment to Funding[2]	Adjustments[3]	Reported Budget[4]
Revenue				
Alberta Health and Wellness contributions	$ 55,959	$ (564)	(848)	$ 54,547
Other government contributions	1,545	-	-	1,545
Fees and charges	4,902	-	-	4,902
Net ancillary operations	(160)	-	47	(113)
Donations	90	-	-	90
Investment and other revenue	662	-	5	667
Amortization of deferred capital contributions, health operations	2,040	-	-	2,040
	65,038	(564)	(796)	63,678
Expenses				
Facility based inpatient services	8,584	-	(81)	8,503
Facility based emergency and outpatient services	4,161	-	714	4,875
Facility based continuing care services	7,313	-	(952)	6,361
Community and home based services	6,949	-	(31)	6,918
Diagnostic and therapeutic services	11,397	-	(11)	11,386
Promotion, prevention and protection services	5,456	-	(96)	5,360
Administration	5,234	-	(819)	4,415
Information technology and wellnet	1,230	-	-	1,230
Support services	15,905	-	776	16,681
Amortization of facilities and improvements	1,432	-	-	1,432
	67,661	-	(500)	67,161
Deficiency of revenues over expenses	$ (2,623)	$ (564)	$ (296)	$ (3,483)

1) The budget was approved by the WestView Regional Health Authority Board on August 15, 2001 and submitted to the Minister of Health and Wellness for approval.

2) In October 2001, the Minister of Health and Wellness announced a funding reduction.

3) Adjustments arising from Board reallocations are related to the reclassification of expenditures associated with the physician on-call payments and the Healthy Aging Partnership Initiatives and with interdepartmental transfers and program alignments. The reduction in expenditures related to the funding reduction and cost increases related to the elimination of energy rebates and the associated energy cost increases are reflected within these budget changes.

4) The reported budget was approved by the WestView Regional Health Authority Board on November 16, 2001 and submitted to the Minister of Health and Wellness for approval.

Note 15 Alberta Health and Wellness Contributions

	Budget	2002	2001
	(thousands of dollars)		
Unrestricted contributions	$ 49,052	$ 49,164	$ 44,558
Import export funding	500	500	500
One time financial assistance	4,044	4,044	-
Medical equipment funding	-	-	1,256
Transfers from deferred contributions (Note 9)	951	1,272	182
	$ 54,547	$ 54,980	$ 46,496

Note 16 Other Government Contributions

	Budget	2002	2001
	(thousands of dollars)		
Restricted transfers from deferred contributions (Note 9)			
Alberta Infrastructure	$ 1,000	$ 1,239	$ 1,343
Alberta Mental Health Board	309	298	283
Government of Canada	-	-	87
Alberta Cancer Board	25	41	26
Seniors	-	464	-
Other provincial funding	211	279	222
	1,545	2,321	1,961
Fair value of rent less rent charges for non-acute care facilities used by the Authority	-	-	69
	$ 1,545	$ 2,321	$ 2,030

Note 17 Ancillary Operations

	2002					2001
	Non-Patient Food Services Operations	Rentals	Other	Total	Budget	Total
Revenues						
Revenues	$ 349	$ 162	$ 87	$ 598	$ 434	$ 465
Amortization of deferred capital contributions	-	20	-	20	-	19
	349	182	87	618	434	484
Expenses						
Amortization	-	20	-	20	20	19
Other expenses	349	111	80	540	527	648
	349	131	80	560	547	667
Excess (deficiency) of revenues over expenses 2001-02	$ -	$ 51	$ 7	$ 58	$ (113)	
Excess (deficiency) of revenues over expenses 2000-01	$ (216)	$ 35	$ (2)			$ (183)

During the year the Authority changed from full costing to incremental costing in the method of allocating costs from patient food services to non-patient food services. This will more accurately reflect the true cost associated with earning the non-patient food service revenue.

Note 18 Investment and Other Income

	Budget	2002	2001
	(thousands of dollars)		
Unrestricted investment income	$ 350	$ 208	$ 419
Other income	317	368	262
	$ 667	$ 576	$ 681

Investment income is comprised of interest. Other income is comprised of cost recoveries.

Note 19 Facility-based continuing care services

Facility based continuing care services include expenses associated with Healthy Aging Partnership Initiatives of $464 (2001 - nil).

Note 20 Administration

	Budget	2002	2001
	(thousands of dollars)		
General administration	$ 2,216	$ 2,382	$ 1,808
Finance	855	857	632
Human resources	874	878	609
Administration - contract operators (Note 25(d))	470	470	470
	$ 4,415	$ 4,587	$ 3,519

Note 21 Information technology and we/net

	Budget	2002	2001
	(thousands of dollars)		
Alberta we/net	$ 150	$ -	$ 198
Information systems support	1,080	1,139	956
	$ 1,230	$ 1,139	$ 1,154

Alberta we/net is the province-wide, strategic initiative to build a health information network. The initiative brings together a broad spectrum of health professionals to use information technology to improve health service delivery to all Albertans.

Note 22 Support Services

	Budget	2002	2001
	(thousands of dollars)		
Building maintenance, operations and security	$ 4,601	$ 4,842	$ 3,800
Communications	583	646	692
Education	398	452	358
Housekeeping	1,463	1,552	1,270
Laundry and linen	614	603	495
Materials management	1,206	1,200	1,095
Patient food services	2,001	2,212	1,493
Patient health records	1,311	1,168	967
Patient registration	787	779	466
Patient transportation	1,215	1,524	1,172
Volunteer services	217	211	203
Support service - contract operators (Note 25 (d))	2,285	2,285	2,285
	$ 16,681	$ 17,474	$ 14,296

Note 23 Write-down of Facilities and Improvements

During the year the Authority ceased using the Stony Plain Municipal Hospital. As a result, a write-down of $688 was recorded to reduce the carrying value of the facility to its fair market value.

Note 24 Pension Costs

The Authority participates in the Local Authorities Pension Plan which is a multi-employer defined benefit plan. The pension expense recorded in these financial statements is equivalent to the Authority's annual contributions payable of $1,208 for the year ended March 31, 2002 (2001 - $766). The pension expense is included as part of the benefits cost in Schedule 1.

At December 31, 2001, the Local Authorities Pension Plan reported a surplus of $634,960 (2000 - $883,823).

Note 25 Related Parties

(a) Provincial Government

The Authority is established under the Regional Health Authorities Act. Two thirds of the members of the Authority's Board are elected. The Minister of Health and Wellness appoints the members remaining members of the Authority's Board. Transactions between the Authority and the Province are disclosed in the statement of operations and notes 5,9,10,14,15,and 16 to the financial statements.

(b) Health Authorities

The Authority shares a common relationship with other health authorities by way of its relationship with the Province of Alberta. Total amounts received from other health authorities are disclosed in note 10 to the financial statements and revenue contributed by the two provincial health boards is disclosed in note 16.

Note 25 Related Parties (continued)

(c) Foundations

The Authority has an economic interest in the following foundations with one representative on each of their Board of Directors. The foundations raise funds to benefit the Authority and other health related entities and are registered charities under the Income Tax Act. Information on the foundations is as follows:

	Contribution Received by Health Authority		Resources held by Foundation	
	Year ended March 31,		at March 31, 2002 (unaudited)	
	2002	2001	Externally Restricted	Unrestricted
	(thousands of dollars)			
Devon General Hospital Foundation	$ -	$ 27	$ -	$ 294
Foundation for the Health Centre	47	56	30	210
Hinton Health Care Foundation	20	6	31	42
Jasper Health Care Foundation	13	1	-	179
	$ 80	$ 90	$ 61	$ 725

Funds donated to the foundations are used to maintain and enhance hospital care and further health care education for the people of the community serviced by the foundation. The externally restricted funds consist of endowments and other donations which can only be expended on purposes stipulated by the donors.

The value of administrative support provided to foundations, and the accounts receivable from payable to the foundations at year end are as follows:

	Administrative Support		Accounts Receivable (Payable)	
	Year ended March 31,		At March 31, 2002	
	2002	2001	2002	2001
	(thousands of dollars)			
Devon General Hospital Foundation	$ 1	$ 1	$ -	$ -
Stony Plain Hospital Foundation	1	1	-	-
Hinton Health Care Foundation	1	1	-	-
Jasper Health Care Foundation	1	1	-	-
	$ 4	$ 4	$ -	$ -

Note 25 Related Parties (continued)

(d) Voluntary and Private Health Service Operators

The Authority contracts with voluntary and private health service operators to provide health services in the Region and has an economic interest in these operators. The health service operators and the amount of the contracted health services for the year are as follows:

	2002			2001
	Direct Authority Funding	Approved Patient Fees and Charges	Total	Total
	(thousands of dollars)			
Good Samaritan Society:				
Stony Plain Care Centre	$ 2,660	$ 824	$ 3,484	$ 3,258
George Hennig Place	801	338	1,139	1,037
Spruce Grove Place	788	338	1,126	1,027
Healthy Aging Partnership Initiatives	464	-	464	-
Dynacare Kasper Medical Laboratories	2,306	-	2,306	2,035
Physical therapy services	722	-	722	673
Mason Bernier - Diagnostic Imaging	330	-	330	-
Group homes	218	-	218	202
Home parenteral nutrition services	106	-	106	132
Audiology services	33	-	33	41
	$ 8,428	$ 1,500	$ 9,928	$ 8,405
Reported in the following expense categories:				
Facility based continuing care services			$ 3,163	$ 2,272
Community and home based services			324	334
Diagnostic and therapeutic services			3,686	3,044
Administration			470	470
Support services			2,285	2,285
			$ 9,928	$ 8,405

Note 26 Donation of land and buildings

During the previous year a donation of land with a value of $140 and a building with a value of $1,285 was received.

Note 27 Physician Payments

The cost of physician fees paid by Alberta Health and Wellness for services rendered to the residents of the Authority amounted to $32,787 (2001 - $28,536). These amounts are not reflected in the financial statements.

Note 28 Comparative Figures

Certain *2001* figures have been reclassified to conform to the 2002 presentation.

Note 29 Approval of Financial Statements

These financial statements have been approved by the Authority.

Note 30 Subsequent Event

On June 27, 2002, the Minister of Health and Wellness issued a Ministerial Order (M.O. #62/2002) to dismiss the members of the WestView Regional Health Authority (WestView) and to appoint the board chairs of Aspen Regional Health Authority (Aspen), Capital Health Authority (Capital) and Crossroads Regional Health Authority (Crossroads) as Official Administrators to act in place of the WestView members.

The Minister also announced an intention to transfer responsibility for delivering health services in the WestView Health Region to Aspen, Capital and Crossroads. The announcement stated that the Official Administrators are to be responsible for managing the WestView Region until the transition is completed and are submit a plan for approval by the Minister by September 1, 2002.

Schedule 1

WESTVIEW REGIONAL HEALTH AUTHORITY
SCHEDULE OF EXPENSES BY OBJECT
FOR THE YEAR ENDED MARCH 31, 2002
(thousands of dollars)

	Budget	2002	2001
Salaries, honoraria, benefits, allowances and severance (Schedule 2)	$ 39,503	$ 39,263	$ 31,568
Contracts with health service operators (Note 25 (d))	9,507	9,928	8,405
Drugs, gases, medical and surgical supplies	2,209	2,483	2,238
Other contracted services	2,215	2,243	1,204
Other	11,517	12,289	10,554
Amortization:			
Capital equipment - internally funded	716	743	716
Capital equipment - externally funded	589	790	589
Facilities and improvements - health operations	1,432	1,399	1,521
Facilities and improvements - ancillary operations	20	20	19
Write down of facilities and improvements	-	688	-
	67,708	69,846	56,814
Less amounts reported in ancillary operations (Note 17)	547	560	667
	$ 67,161	$ 69,286	$ 56,147

WESTVIEW REGIONAL HEALTH AUTHORITY
SCHEDULE OF SALARIES, HONORARIA, BENEFITS AND SERVERANCE - (thousand of dollars)
FOR THE YEAR ENDED MARCH 31, 2002

	2002							2001			
					Severance				Salaries		
	Number of Individuals [1]	Salaries & Honoraria [2]	Benefits & Allowances [3]	Sub-Total	Number of Individuals [1]	Amount [4]	Total	Number of Individuals [1]	Honorarium [2] & Benefits [3]	Severance [4]	Total
Board Members											
George Sewell - RHA Chairperson	1.00	$ 9	$ -	$ 9	-	$ -	$ 9	-	$ -	$ -	$ -
Peter Woloshyn - RHA Chairperson	1.00	6	-	6	-	-	6	1.00	12	-	12
Tonia Bills	1.00	6	-	6	-	-	6	1.00	12	-	12
Betty Brown	1.00	4	-	4	-	-	4	1.00	7	-	7
Sandra Coombe	1.00	9	-	9	-	-	9	-	-	-	-
John Cosgrove	1.00	4	-	4	-	-	4	-	-	-	-
Bruce Deal	1.00	4	-	4	-	-	4	1.00	11	-	11
William Donahue	1.00	6	-	6	-	-	6	-	-	-	-
Bill Forbes	1.00	5	-	5	-	-	5	-	-	-	-
Bonnie Gregorwich	1.00	9	-	9	-	-	9	1.00	13	-	13
Hazel Hart	1.00	7	-	7	-	-	7	-	-	-	-
Barry Hawkins	1.00	2	-	2	-	-	2	1.00	7	-	7
Werner Jappsen	1.00	5	-	5	-	-	5	1.00	14	-	14
Gail Lemke	1.00	4	-	4	-	-	4	-	-	-	-
Shirley Mahon	1.00	5	-	5	-	-	5	-	-	-	-
Marian Marcau	1.00	6	-	6	-	-	6	-	-	-	-
Locksley McGann	1.00	3	-	3	-	-	3	1.00	8	-	8
Ann Myrholm	1.00	4	-	4	-	-	4	-	-	-	-
Ron Pollock	1.00	11	-	11	-	-	11	1.00	14	-	14
Marie Rushton	1.00	7	-	7	-	-	7	1.00	13	-	13
Patrick Wilson	1.00	4	-	4	-	-	4	1.00	12	-	12
Total honoraria	21.00	120	-	120	-	-	120	11.00	123	-	123
Staff											
Chief Executive Officer	1.00	147	18	165	-	-	165	1.00	135	-	135
Management Reporting to CEO											
Director, Corporate Services	1.00	111	24	135	-	-	135	0.77	92	-	92
Director, Operations	1.00	112	17	129	-	-	129	1.00	114	113	227
Director, Program Planning	1.00	109	15	124	-	-	124	0.34	36	-	36
Medical Director	0.50	149	-	149	-	-	149	0.50	133	-	133
Medical Officer of Health	1.00	140	17	157	-	-	157	1.00	134	-	134
Dental Officer of Health	0.01	2	-	2	-	-	2	0.05	7	-	7
Other Management person(s) reporting to those above (avg. 2002 $101, avg. 2001 $88) (excluding severance)	10.34	900	147	1,047	-	-	1,047	10.08	886	-	886
Regulated Nurses not included above (avg. 2002 $63, avg. 2001 $55) (excluding severance)	230.16	12,674	1,838	14,512	2.00	14	14,526	207.9	11,475	-	11,475
Other health technical and professionals (avg. 2002 $63, avg 2001 $58) (excluding severance)	110.32	6,010	915	6,925	-	-	6,925	94.32	5,468	4	5,472
Unregulated health service providers (avg. 2002 $32, avg 2001 $29) (excluding severance)	97.21	2,697	417	3,114	-	-	3,114	80.90	2,356	-	2,356
Other Staff (avg. 2002 $41, avg. 2001 $37) (excluding severance)	301.82	10,496	1,926	12,422	6.00	248	12,670	281.64	10,450	42	10,492
	755.36	33,547	5,334	38,881	8.00	262	39,143	679.50	31,286	159	31,445
Total	776.36	$ 33,667	$ 5,334	$ 39,001	8.00	$ 262	$ 39,263	690.50	$ 31,409	$ 159	$ 31,568

Schedule 2 (continued)

WESTVIEW REGIONAL HEALTH AUTHORITY

SCHEDULE OF SALARIES, BENEFITS, ALLOWANCES AND SEVERANCES

FOR THE YEAR ENDED MARCH 31, 2002

(1) Full time equivalent (FTE) has been determined as follows:

- Management FTE calculation is based on 2022.75 annual hours.
- Regulated nurses FTE calculation is based on 1920.25 or 1827.00 annual hours dependent on the employment contract the employee is a part of.
- Other health technical and professional FTE calculation is based on 1827.00 or 2022.75 annual hours dependent on the employment contract the employee is a part of.
- Unregulated health service providers FTE calculation is based on 2022.75 annual hours.
- Other staff FTE calculation is based on 1827.00, 1920.75 or 2022.75 annual hours dependent on the employment contract the employee is a part of.

Total actual discrete number of individuals employed: 2002 - 1266 (2001 - 1188).

(2) Salaries includes regular base pay, overtime, lump sum payments, honoraria and any other direct cash remuneration including sick leave, short-term disability and vacation.

(3) Benefits and allowances included the employers share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, out of country medical benefits, group life insurance, accidental death and dismemberment, long-term disability plans, Canada Pension Plan, unemployment insurance, workers compensation, housing subsidies, car benefits and allowances and tuition.

(4) Severance includes:

All monies paid directly or on behalf of an employee upon termination which are not or have not been included in salaries and benefits; and forgiveness of debt.

(5) The total amount is reported in the following schedules:

(thousands of dollars)	
Schedule 1 - Expenses by Object	$39,263 (2001 - $31,568)

Schedule 3

WESTVIEW REGIONAL HEALTH AUTHORITY

SUMMARY OF REVENUES AND EXPENSES

FOR THE PERIOD COMMENCING APRIL 1, 1999

(thousands of dollars)

	Actual			Proforma		
	2002	2001	2000	2002	2001	2000
Revenues:						
Alberta Health and Wellness contributions	$ 54,980	$ 46,496	$ 50,098	$ 54,980	$ 47,173	$ 50,650
Other government contributions	2,321	2,030	1,032	2,321	2,030	1,032
Fees and charges	5,129	4,545	3,993	5,129	4,545	3,993
Ancillary operations, net	58	(183)	(135)	58	(183)	(135)
Donations	107	91	118	107	91	118
Investment and other income	576	681	471	576	681	471
Amortization of external capital contributions, health operations	2,877	2,110	1,176	2,877	2,110	1,176
	66,048	55,770	56,753	66,048	56,447	57,305
Expenses:						
Facility based inpatient acute services	9,021	7,280	6,093	9,021	7,280	6,093
Facility based emergency and outpatient services	4,869	3,772	3,450	4,869	4,449	4,002
Facility based continuing care services	6,940	4,468	3,691	6,940	4,468	3,691
Community and home based services	6,725	6,224	5,408	6,725	6,224	5,408
Diagnostic and therapeutic services	11,407	9,395	8,297	11,407	9,395	8,297
Promotion, prevention and protection services	5,037	4,518	4,098	5,037	4,518	4,098
Administration	4,587	3,519	3,256	4,587	3,519	3,256
Information technology and Wellnet	1,139	1,154	875	1,139	1,154	875
Year 2000 remedial costs	-	-	394	-	-	394
Support services	17,474	14,296	12,176	17,474	14,296	12,176
Amortization of facilities and improvements, health operations	1,399	1,521	855	1,399	1,521	855
Write down of facilities and improvements	688	-	-	688	-	-
	69,286	56,147	48,593	69,286	56,824	49,145
Excess (deficiency) of revenues over expenses	$ (3,238)	$ (377)	$ 8,160	$ (3,238)	$ (377)	$ 8,160

Proforma information results from the transfer of the responsibility for the physician on-call remuneration program from Alberta Health and Wellness to the Authority during the year.

Crossroads
#9

Crossroads Regional Health Authority #9
Financial Statements
March 31, 2002

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Grant Thornton LLP
Chartered Accountants
Management Consultants
Canadian Member of
Grant Thornton International

Grant Thornton

Auditors' Report

To the Members of the Crossroads Regional Health Authority #9
and the Minister of Health

We have audited the statement of financial position of the Crossroads Regional Health Authority #9 ("the Authority") as at March 31, 2002 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Authority as at March 31, 2002 and the results of its operations, changes in net assets and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Further, we have made an examination to determine if the Authority has complied with Financial Directive 19 issued by Alberta Health. Our examination was made in accordance with Canadian generally accepted auditing standards and accordingly included such tests and other procedures as we considered necessary in the circumstances. In our opinion, the Authority has, in all significant respects, complied with Financial Directive 19.

Grant Thornton LLP
Chartered Accountants

Wetaskiwin, Alberta
June 17, 2002

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The accompanying financial statements are the responsibility of management and have been approved by the Authority's Board. The financial statements were prepared in accordance with Canadian Generally Accepted Accounting Principles and the Financial Directives issued by Alberta Health and Wellness, and of necessity include some amounts that are based on estimates and judgements.

To discharge its responsibility for the integrity and objectivity of financial reporting, management maintains a system of internal accounting controls comprising written policies, standards and procedures, a formal authorization structure, and satisfactory processes for reviewing internal controls. This system is designed to provide management with reasonable assurance that transactions are in accordance with governing legislation, are properly authorized, reliable financial records are maintained, and assets are adequately accounted for and safeguarded. The Authority has established a code of ethics and corporate directives, which require communication of the code to employees.

The Authority members carry out their responsibility for the financial statements through the Finance Committee. This Committee meets with management and the external auditor, Grant Thornton LLP to discuss and review financial matters, and recommends the financial statements to the Crossroads Regional Health Authority #9 Board for approval. The external auditor has full and free access to the Board.

The external auditor Grant Thornton LLP, provides an independent audit of the financial statements. Their examination is conducted in accordance with Canadian Generally Accepted Auditing Standards and includes tests and other procedures, which allow them to report on the fairness of the financial statements prepared by management.

Chief Executive Officer

Chief Operating Officer

Crossroads Regional Health Authority #9
Statement of Financial Position

(in thousands of dollars)

March 31,	2002 Budget (Note 17)	2002 Actual	2001 Actual
Assets			
Current			
Cash and temporary investments (Note 3)	$ 9,170	$ **11,788**	$ 9,285
Accounts receivable (Note 5)	500	**811**	448
Contributions receivable	-	**253**	49
Inventories (Note 6)	750	**869**	758
Prepaid expenses	240	**249**	230
	10,660	**13,970**	10,770
Non-current cash (Note 4)	-	**673**	552
Non-current accounts receivable	-	**-**	523
Capital assets (Note 7)	36,070	**36,187**	38,075
Other assets (Note 8)	374	**374**	368
Total assets	$ 47,104	$ **51,204**	$ 50,288
Liabilities and Net Assets			
Current			
Accounts payable (Note 9)	$ 6,000	$ **6,029**	$ 6,387
Accrued vacation pay	2,000	**2,192**	2,030
Deferred contributions (Note 10)	1,000	**3,442**	949
	9,000	**11,663**	9,366
Deferred capital contributions (Note 11)	-	**673**	1,075
Unamortized external capital contributions (Note 12)	33,166	**33,193**	34,774
	42,166	**45,529**	45,215
Net assets			
Unrestricted (Note 13)	1,704	**2,351**	1,442
Internally restricted (Note 14)	330	**330**	330
Invested in capital assets	2,904	**2,994**	3,301
Operating net assets	4,938	**5,675**	5,073
Total liabilities and net assets	$ 47,104	$ **51,204**	$ 50,288

Contingency and Commitments (Note 15 and 16)

On behalf of the Authority

Chairman

Board Member

See the accompanying notes to the financial statements

Crossroads Regional Health Authority #9
Statement of Operations

(in thousands of dollars)

For the year ended March 31, 2002

	2002 Budget (Note 17)	2002 Actual	2001 Actual
Revenue			
Alberta Health and Wellness contributions (Note 18)	$ 43,475	$ **43,767**	$ 40,433
Other government contributions (Note 19)	750	**670**	1,358
Fees and charges	2,734	**2,605**	2,634
Ancillary operations, net (Note 20)	1	**(13)**	10
Donations	54	**63**	54
Investment and other income (Note 21)	924	**1,259**	1,071
Amortization of external capital contributions (Note 12)	2,516	**2,621**	2,685
	50,454	**50,972**	48,245
Expenses (Schedule 1)			
Facility based inpatient acute services	10,039	**9,966**	9,024
Facility based emergency and outpatient services	3,612	**3,721**	3,047
Facility based continuing care services	5,451	**5,601**	4,753
Community and home based services	2,310	**2,333**	1,950
Diagnostic and therapeutic services	9,213	**8,789**	8,237
Promotion, prevention and protection services	2,638	**2,589**	2,315
Administration (Note 22)	2,984	**3,044**	2,799
Information technology and we' net (Note 23)	1,770	**1,666**	1,664
Support services (Note 24)	10,623	**10,731**	10,862
Amortization of facilities and improvements	1,949	**1,930**	1,950
	50,589	**50,370**	46,601
Excess of revenue over expenses	$ (135)	$ **602**	$ 1,644

See the accompanying notes to the financial statements

Crossroads Regional Health Authority #9
Statement of Changes in Net Assets

(in thousands of dollars)
For the year ended March 31, 2002

	2002				2001
	Unrestricted (Note 13)	Internally Restricted (Note 14)	Invested in Capital Assets	**Total**	Total
Excess of revenue over expense	$ 602	$ -	$ -	**$ 602**	$ 1,644
Capital assets purchased with internal funds	(143)	-	143	-	-
Amortization on internally funded capital assets	439	-	(439)	-	-
Loss on disposal of internally funded capital assets	11	-	(11)	-	-
Net change to unrestricted net assets	909		(307)	**602**	1,644
Balance at beginning of year	1,442	330	3,301	**5,073**	3,429
Balance at end of year	$ 2,351	$ 330	$ 2,994	**$ 5,675**	$ 5,073

See the accompanying notes to the financial statements

Crossroads Regional Health Authority #9
Statement of Cash Flows

(in thousands of dollars)
Year ended March 31, 2002

	2002		2001
	Budget	**Actual**	Actual
Cash generated from (used by):			
Operating activities			
Excess of revenues over expenses	$ (135)	**$ 602**	$ 1,644
Non-cash transactions			
Amortization of capital equipment - internally funded	397	**439**	395
- externally funded	783	**624**	735
Amortization of facilities and improvements	1,949	**1,930**	1,950
Amortization of external capital contributions	(2,732)	**(2,621)**	(2,685)
Loss on dosposal of facility and improvements	-	**67**	-
Loss on disposals of capital equipment	-	**11**	67
	262	**1,052**	2,106
Changes in non-cash working capital accounts (Note 25)	(929)	**1,715**	2,454
Cash generated by operating activities	(667)	**2,767**	4,560
Investing activities			
Purchase of capital assets			
internally funded	-	**(143)**	(964)
externally funded - equipment (Note 12)	(1,124)	**(1,040)**	(265)
Allocation to non-current cash	552	**(121)**	(393)
Cash used by investing activities	(572)	**(1,304)**	(1,622)
Financing activities			
Capital contributions received	1,124	**1,040**	265
Cash generated by financing activities	1,124	**1,040**	265
Increase (decrease) in cash and temporary investments	(115)	**2,503**	3,203
Cash and temporary investments, beginning of year	9,285	**9,285**	6,082
Cash and temporary investments, end of year	$ 9,170	**$ 11,788**	$ 9,285

See the accompanying notes to the financial statements

Crossroads Regional Health Authority #9
Notes to the Financial Statements

(in thousands of dollars)
March 31, 2002

Note 1 Authority, Purpose and Operations

The Crossroads Regional Health Authority ("the Authority") was established on June 24, 1994 under the authority of the Regional Health Authorities Act, Chapter R-9.07, Statutes of Alberta, 1994. The Authority is exempt from payment of income tax and is a registered charity under the Income Tax Act.

The Authority is responsible for the delivery of appropriate, accessible and affordable health services in Alberta. The responsibility includes operating programs designed to promote, protect, maintain, restore and enhance physical and mental well-being.

The operations of the Authority include the following facilities and sites:

Crossroads Health Centre - Breton
Crossroads Hospital & Health Centre - Drayton Valley
Crossroads Hospital & Health Centre - Wetaskiwin
Crossroads Health Unit - Drayton Valley
Crossroads Health Unit - Wetaskiwin
Crossroads Health Unit - Winfield

These financial statements do not include the assets, liabilities, and operations of any voluntary or private facilities providing health care services in the region.

Note 2 Summary of Significant Accounting Policies and Reporting Practices

The financial statements have been prepared in accordance with Canadian Generally Accepted Accounting Principles and the reporting requirements of Financial Directive 19 issued by Alberta Health and Wellness. Following are the significant accounting policies:

(a) Basis of Presentation

These financial statements have been prepared using the deferral method, the key elements of which are:

(i) Unrestricted operating grants and other contributions are recognized as revenue in the year when received or receivable.

Crossroads Regional Health Authority #9
Notes to the Financial Statements

(in thousands of dollars)
March 31, 2002

Note 2 Summary of Significant Accounting Policies and Reporting Practices (continued)

(a) Basis of Presentation (continued)

(ii) Externally restricted non-capital contributions are deferred and recognized as revenue in the year when related expenses are incurred.

(iii) Externally restricted capital contributions are recorded as deferred contributions until the amount is invested in capital assets. Amounts invested representing externally funded capital assets are then transferred to unamortized external capital contributions. Unamortized external capital contributions are recognized as revenue in the periods in which the related amortization expense of the funded capital asset is recorded.

(iv) Unrestricted investment income is recognized in the year it is earned.

(v) Investment income subject to external restrictions is, depending on the nature of the restrictions, recorded as a direct increase to net assets, or is deferred and recognized as revenue in the year the related expenses are incurred.

(vi) Donations and contributions in kind are recorded at fair value when such value can reasonably be determined.

(vii) Revenue from the sale of goods and services is recorded in the period that the goods are delivered or the services are provided.

(b) Full Cost

The Authority accounts for all costs and revenues related to services carried out for which it is responsible.

The fair values of costs of services are recorded. Fair value transactions as recorded consist of the following:

Crossroads Regional Health Authority #9
Notes to the Financial Statements

(in thousands of dollars)
March 31, 2002

Note 2 Summary of Significant Accounting Policies and Reporting Practices (continued)

(b) Full Cost (continued)

(i) The fair value for use of non-acute care facilities not owned by the Authority and provided to the Authority at zero or nominal rent, is recorded as other government contributions and as program expense.

(ii) Other assets, supplies and service contributions that would otherwise have been purchased, are recorded as revenue and expenses at fair value at the date of contribution, when a fair value can be reasonably determined. The value of volunteers' contributed services is not reported in the financial statements because a fair value cannot be reasonable determined.

(c) Employee Future Benefits

The Authority participates in the Local Authorities Pension Plan and the Public Service Pension Plan. These are multi-employer defined benefit pension plans that provide pensions for the Authority's participating employees, based on years of service and earnings.

Defined contribution plan accounting is applied to a multi-employer defined benefit plan for which the authority has insufficient information to apply defined benefit plan accounting.

Pension costs included in these financial statements comprise the amount of employer contributions required for its employees during the year, based on rates which are expected to provide for benefits payable under the pension plans. The Authority does not record its portion of the plans' deficit or surplus.

The Authority fully accrues its obligations for employee non-pension future benefits.

Crossroads Regional Health Authority #9
Notes to the Financial Statements

(in thousands of dollars)
March 31, 2002

Note 2 Summary of Significant Accounting Policies and Reporting Practices (continued)

(d) Investments

Temporary investments are recorded at the lower of cost or fair market value.

(e) Financial Instruments

The carrying value of cash and temporary investments, accounts receivable, contributions receivables, accounts payable and accrued vacation pay approximates their fair value because of short-term maturities of these items.

(f) Inventories

Drugs and supplies inventory is recorded at the lower of cost and net realizable value applied on an average basis. Assisted living condos are recorded at the lower of cost and net realizable value applied on an individual unit basis.

(g) Capital Assets

Capital assets are recorded at cost. Capital assets costing less than $5,000 are expensed

Capital assets are amortized over their estimated useful lives on a straight-line basis as follows:

	Useful Life
Buildings	20-40 years
Land improvements	10-20 years
Equipment	3-20 years

(h) Use of Estimates

The financial statements by their nature, contain estimates and are subject to measurement uncertainity. The amounts recorded for amortization of capital assets and amortization of external capital contributions are based on estimates of the useful life of related assets. Actual results could differ from these estimates. Also, the Authority is currently included in the Goods and Services (GST) free list of Alberta Government entities and therefore does not record or pay GST on purchased supplies and services. This situation could change in the future if the Authority ceases to be part of the GST free list of the Alberta Government.

Crossroads Regional Health Authority #9
Notes to the Financial Statements

(in thousands of dollars)
March 31, 2002

Note 2 Summary of Significant Accounting Policies and Reporting Practices (continued)

(i) Foreign Currencies

Revenue and expenses are translated at the actual rate of exchange at the time of the transaction.

(j) Restructuring Costs

Restructuring costs are charged to expenses in the period the decision to restructure is made. If the actual costs are not known at the time the decision is made, then an estimate of the amount is recorded.

(k) Patient Trust Accounts

The authority holds trust funds on behalf of its long term care residents. These amounts are not reflected in these financial statements.

Note 3 Cash and Temporary Investments

	2002	2001
Cash and bank	$ 6,016	$ 3,600
Temporary investments	6,445	6,237
	12,461	9,837
Less non-current cash (Note 11)	(673)	(552)
	$ 11,788	$ 9,285

Included in cash and bank are externally restricted funds of $5,928 (2001 - $3,363) consisting of: Alberta Infrastructure for upgrades to the Crossroads Hospital & Health Centres - Drayton Valley and Breton, the construction of a new hemodialysis building at the Wetaskiwin site, Telehealth funding, Alberta Seniors - Healthy Aging Partnership Initiative Program for the Good Shepherd Lutheran Home, Young Family Wellness, federal equipment funding and Consolidated Cash Investment Trust fund and Federal Sales Tax rebate monies from the construction of the Crossroads Hospital and Health Centre - Wetaskiwin.

The Authority has an operating line of credit of $2.5 million with interest charged at Prime less 0.5%. Currently the Authority has not accessed any of these funds.

Crossroads Regional Health Authority #9
Notes to the Financial Statements

(in thousands of dollars)
March 31, 2002

Note 4 Non-current Cash

Non-current cash represents funds restricted for the purchase of Telehealth initiative equipment and the remaining equipment being purchased with the federal equipment money.

Note 5 Accounts Receivable

	2002	2001
Inpatient	$ 32	$ 23
Outpatient	70	52
Long Term Care	282	209
Other	427	164
	$ 811	$ 448

Note 6 Inventories

	2002	2001
Drugs	$ 225	$ 191
Supplies	177	195
Assisted living condos	467	372
	$ 869	$ 758

Note 7 Capital Assets

	2002			2001
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	$ 1,082	$ -	$ 1,082	$ 1,082
Land Improvements	260	187	73	84
Non-depreciable assets	503	-	503	503
Buildings	58,821	27,742	31,079	33,090
Equipment	10,991	7,541	3,450	3,316
	$ 71,657	$ 35,470	$ 36,187	$ 38,075

Capital assets have been funded from the following sources:	2002	2001
Externally funded (unamortized external capital contributions)	$ 33,193	$ 34,774
Internally funded (invested in capital assets)	2,994	3,301
	$ 36,187	$ 38,075

Crossroads Regional Health Authority #9
Notes to the Financial Statements
(in thousands of dollars)
March 31, 2002

Note 8 Other Assets

Other assets are comprised of deferred development costs which include the cost of land and land improvements for the construction of units that are being built as part of the Authority's Assisted Living Program in Wetaskiwin and Drayton Valley. To date, 41 units have been built.

Note 9 Accounts Payable

	2002	2001
Trade payables	$ 3,345	$ 2,738
Accrued salaries	-	1,062
Accrued overtime	86	92
Accrued statutory holidays	112	81
Province of Alberta		
Federal Sales Tax rebate	639	639
Consolidated Cash Investment Trust fund	1,847	1,775
	$ 6,029	$ 6,387

Note 10 Deferred Contributions

	2002	Restated 2001
Amount received:		
Alberta Health and Wellness	$ 285	$ 95
Other government	2,867	1,008
Investment and other revenues	128	68
	3,280	1,171
Amounts recognized as revenue:		
Alberta Health and Wellness (Note 18)	(82)	-
Other government (Note 19)	(633)	(1,324)
Investment and other revenues	(72)	(118)
Change during the year	2,493	(271)
Balance, beginning of year	949	1,220
Balance, end of year	$ 3,442	$ 949

Crossroads Regional Health Authority #9
Notes to the Financial Statements
(in thousands of dollars)
March 31, 2002

Note 10 Deferred Contributions (continued)

Unspent amounts at the end of the year are restricted for the following purposes:

Education	$ 74	$ 51
Young Family Wellness	258	-
Healthy Aging Partnership Initiative Program	1,750	359
Archival Blood Review	45	45
Software Licenses	4	4
Telehealth	-	46
Assisted Living Contingency Fund	20	20
Cancer research projects	43	-
Other	14	34
Alberta Infrastructure	1,234	390
	$ 3,442	$ 949

Alberta Infrastructure funding is externally restricted to expenses directly related to approved Alberta Infrastructure projects. The Health Aging Partnership is externally restricted to support the short-term recommendations of the Long term Care Review Policy Advisory Committee and is committed to help offset the cost of the construction of the Good Shepherd Lutheran Home facility

Note 11 Deferred Capital Contributions

The deferred capital contributions balance represents amounts accounted for in accordance with the accounting policy in note 2(a).

	2002	Restated 2001
Amount received:		
Restricted Alberta Health and Wellness	$ 572	$ 632
Restricted other government	-	471
Donations restricted for capital purposes	53	19
Investment and other revenues	13	-
	638	1,122
Transferred to:		
Unamortized external capital contributions (Note 12)	(1,040)	(265)
Change during the year	(402)	857
Balance, beginning of year	1,075	218
Balance, end of year	$ 673	$ 1,075

Crossroads Regional Health Authority #9
Notes to the Financial Statements

(in thousands of dollars)
March 31, 2002

Note 11 Deferred Capital Contributions (continued)

Balance at the end of the year is restricted for the following purposes:

	2002	2001
Telehealth	**$ 211**	$ 471
Year 2000 funds	**-**	81
Betterment of capital assets	**462**	523
	$ 673	$ 1,075

Note 12 Unamortized External Capital Contributions

Unamortized external capital contributions reflect transactions accounted for in accordance with the accounting policy described in Note 2(a). The balance at the end of the year represents the external capital contribution that will be recognized as revenue in future years.

	2002	2001
Balance, beginning of year	**$ 34,774**	$ 37,194
Add: amount transferred from deferred capital contribution (Note 11)	**1,040**	265
Less: amount recognized as revenue	**(2,621)**	(2,685)
Balance, end of year	**$ 33,193**	$ 34,774

Note 13 Unrestricted and Internally Restricted Net Assets

The balance of unrestricted and internally restricted assets can be analyzed as follows:

	2002	2001
Unrestricted and internally restricted net assets at regionalization - April 1, 1995	**$ 4,063**	$ 4,063
Changes since regionalization:		
Cumulative operating surplus	**1,571**	969
Invested in capital assets (net of amortization)	**(2,994)**	(3,301)
Miscellaneous adjustment	**41**	41
Balance, end of year	**$ 2,681**	$ 1,772

Crossroads Regional Health Authority #9
Notes to the Financial Statements

(in thousands of dollars)
March 31, 2002

Note 13 Unrestricted and Internally Restricted Net Assets (continued)	2002	2001
Unrestricted	**$ 2,351**	$ 1,442
Internally restricted	**330**	330
	$ 2,681	$ 1,772

Note 14 Internally Restricted Net Assets

The Authority has internally restricted the following amounts for:	2002	2001
Operating funds reserved for future financial shortcomings	**$ 330**	$ 330

Note 15 Contingency

The Authority is contingently liable for the buyback of 35 Assisted Living units at the option of and at 90% of the original cost to the purchaser, average cost of $90 per unit. However, management feels that these units could be resold and costs recovered and that realistically, the possibility of having to purchase back all units simultaneously is highly improbable.

Note 16 Commitments

The Authority has the following commitments:

i) Renovations to the Crossroads Health Centres - Wetaskiwin, Drayton Valley and Breton in the amount of $1,034, funding for which is supplied by Alberta Infrastructure.

ii) The construction of a hemodialysis building in the amount of $1,900, funding for which is supplied by Alberta Infrastructure.

iii) The Good Shepherd Lutheran Home for $1,750 towards the cost of construction of a seniors facility, funding for which is supplied by Alberta Seniors Housing Services Division.

iv) Pembina Housing Society for $750 towards the construction of the Drayton Valley Dementia Unit. $304 of this is supplied by Alberta Seniors Housing Services Division and $200 of which is supplied by the Drayton Valley Health Care Auxiliary.

Crossroads Regional Health Authority #9
Notes to the Financial Statements
(in thousands of dollars)
March 31, 2002

Note 17 Budget

	Approved Budget(1)	Adjustments (2)	Reported Budget
Revenue			
Alberta Health and Wellness contribution	$ 43,475	$ -	**$ 43,475**
Other government contributions	750	-	**750**
Fees and charges	2,734	-	**2,734**
Ancillary operations, net	1	-	**1**
Donations	54	-	**54**
Investment and other income	410	514	**924**
Amortization of External Capital Contribution	2,516	-	**2,516**
	49,940	514	**50,454**
Expenses			
Facility based inpatient acute services	10,039	-	**10,039**
Facility based emergency and outpatient services	3,612	-	**3,612**
Facility based continuing care services	5,451	-	**5,451**
Community and home based services	2,305	5	**2,310**
Diagnostic and therapeutic services	8,983	230	**9,213**
Promotion, prevention and protection services	2,516	122	**2,638**
Administration	2,984	-	**2,984**
Information technology and we' net	1,770	-	**1,770**
Support services	10,466	157	**10,623**
Amortization of facilities and improvements	1,949	-	**1,949**
	50,075	514	**50,589**
Deficiency of revenues over expenses	$ (135)	$ -	**$ (135)**

(1) The budget was approved by the board of the Health Authority on November 15, 2001 and subsequently approved by the Minister of Health and Wellness on December 18, 2001.

(2) Reallocation of budgeted recoveries.

(3) The budget figures have not been audited.

Crossroads Regional Health Authority #9
Notes to the Financial Statements
(in thousands of dollars)
March 31, 2002

Note 18 Alberta Health and Wellness Contributions	Budget	**2002**	2001
Unrestricted contributions	$ 43,475	**$ 43,685**	$ 40,433
Transferred from deferred contributions (Note 10)	-	**82**	-
	$ 43,475	**$ 43,767**	$ 40,433

Note 19 Other Government Contributions	Budget	**2002**	2001
Alberta Infrastructure (Note 10)	$ 750	**$ 620**	$ 1,324
Alberta Seniors (Note 10)	-	**13**	-
Fair value of non-acute care facilities used by the Authority	-	**37**	34
	$ 750	**$ 670**	$ 1,358

Note 20 Ancillary Operations

	2002					2001
	Non-Patient Food Services Operations	Assisted Living	Other Operations	**Total**	Budget	Total
Revenues						
Revenues	$ 412	$ 683	$ 81	**$ 1,176**	$ 496	$ 1,207
	412	683	81	**1,176**	496	1,207
Expenses						
Other expenses	376	709	104	**1,189**	495	1,197
	376	709	104	**1,189**	495	1,197
Excess (deficiency) of revenue over direct expenses	$ 36	$ (26)	$ (23)	**$ (13)**	$ 1	$ 10
Excess (deficiency) of revenue over direct expenses 2001	$ 29	$ (21)	$ 2	$ 10		

Crossroads Regional Health Authority #9
Notes to the Financial Statements

(in thousands of dollars)
March 31, 2002

Note 21 Investment and Other Income	Budget	2002	2001
Interest	$ 410	**$ 287**	$ 407
Atco Viking rebate	-	**274**	-
Other income and recoveries	514	**698**	664
	$ 924	**$ 1,259**	$ 1,071

Note 22 Administration	Budget	2002	2001
Corporate administration	$ 1,531	**$ 1,362**	$ 1,366
Public relations	151	**138**	170
Finance	591	**579**	577
Human resources	711	**965**	686
	$ 2,984	**$ 3,044**	$ 2,799

Note 23 Information Technology and Alberta we//net	Budget	2002	2001
Alberta we/net	$ 162	**$ 95**	$ 138
Y2K remedial cost	-	**5**	-
Information technology	1,608	**1,566**	1,526
	$ 1,770	**$ 1,666**	$ 1,664

Alberta we/net is the province wide, strategic initiative to build a health information network. The initiative brings together a broad spectrum of health professionals into multi-disciplinary teams to put information technology to work to improve health service delivery to all Albertans.

The Authority's contribution has been applied towards activities that will produce clinical and administrative deliverables in 2001-2002, or to develop applications to support we/net initiatives. In accordance with Canadian Generally Accepted Accounting Principles, $nil (2001 - $237) has been capitalized and $95 (2001 - $138) has been expensed .

Crossroads Regional Health Authority #9
Notes to the Financial Statements

(in thousands of dollars)
March 31, 2002

Note 24 Support Services	Budget	2002	2001
Building maintenance, operations and security	$ 2,365	**$ 2,653**	$ 2,914
Alberta Infrastructure - renovations	750	**620**	1,324
Communications	89	**98**	101
Education	652	**732**	534
Housekeeping	1,661	**1,662**	1,420
Laundry and linen	527	**485**	441
Materiels management	800	**803**	791
Patient food services	2,292	**2,275**	2,147
Patient health records	732	**692**	579
Patient registration	580	**567**	560
Telehealth	103	**85**	-
Volunteer services	72	**59**	51
	$ 10,623	**$ 10,731**	$ 10,862

Note 25 Changes in Non-cash Working Capital Accounts	Budget	2002	2001
Accounts receivable	$ (52)	**$ 160**	$ 40
Contributions receivable	572	**(204)**	-
Inventories	8	**(111)**	480
Prepaid expenses	(10)	**(19)**	24
Other assets	(6)	**(6)**	(6)
Accounts payable	(387)	**(358)**	1,177
Accrued vacation pay	(30)	**162**	153
Deferred contributions	51	**2,493**	(330)
Deferred capital contributions	(1,075)	**(402)**	916
	$ (929)	**$ 1,715**	$ 2,454

Crossroads Regional Health Authority #9
Notes to the Financial Statements
(in thousands of dollars)
March 31, 2002

Note 26 Related Parties

(a) Province of Alberta

The Authority is established under the Regional Health authorities Act. The Minister of Health and Wellness appoints the members of the Authority. Transactions between the Authority and the Province are disclosed in the Statement of Operations and notes 9, 10, 11 18, 19 and 23 to the financial statements.

(b) Health Authorities

The Authority shares a common relationship with other health authorities by way of its relationship with the Province of Alberta. Transactions between the Authority and other health authorites are reported in the Statement of Operations.

(c) Foundations

The Authority has an economic interest in the foundations of Wetaskiwin and Drayton Valley. In each case they are entitled to representation on their Board of Directors.

	Contributions received by the Health Authority		Resources held by the foundation	
			2002	
	2002	2001	Externally Restricted	Unrestricted
Drayton Valley Health Services Foundation (unaudited)	$ 15	$ 5	$ 115	$ 63
Wetaskiwin Health Foundation	87	42	95	1,110
	$ 102	$ 47	$ 210	$ 1,173

Externally restricted amounts are for equipment, programs, research, and education for the specific hospitals and continuing care facilities supported by the individual foundations.

The value of the accounts receivable from the foundation at the year end are as follows:

	Accounts Receivable	
	2002	2001
Wetaskiwin Health Foundation	$ 2	$ 7

Crossroads Regional Health Authority #9
Notes to the Financial Statements
(in thousands of dollars)
March 31, 2002

Note 27 Economic Dependence

Approximately 85.9% (86.7% in 2001) of revenues for the year ended March 31, 2002 are directly attributed to the Province of Alberta.

Note 28 Pension Costs

The Authority participates in the local Authorities Pension Plan and Public Service Pension Plan which are multi-employer defined benefit plans. The pension expense recorded in these financial statements is equivalent to the Authority's annual contribution payable of $1,053 for the year ended March 31, 2002 (2001 - $947).

At December 31, 2001, the Local Authorities Pension Plan reported a surplus of $634,960 (2000 - $883,823).

Note 29 Physician Payments

The cost of physician fees paid by Alberta Health and Wellness for services rendered to the resident of the Crossroads region amounted to $18,351 (2001 - $13,944). These amounts are not reflected in the financial statements.

Note 30 Comparative Figures

Certain 2001 figures have been reclassified to conform to the 2002 presentation.

Note 31 Approval of Financial Statements

These financial statements were approved by the Authority on July 4, 2002.

Crossroads Regional Health Authority #9
Schedule of Expenses by Object

(in thousands of dollars)

For the year ended March 31, 2002

	2002 Budget	2002 Actual	2001 Restated
Salaries, benefits, allowances and severances (Schedule 2)	$ 33,700	**$ 33,444**	$ 29,482
Contracts with health service operators	1,041	**1,041**	852
Drugs, gases, medical and surgical supplies	2,069	**2,035**	1,998
Other contracting services	2,115	**2,264**	1,551
Other	9,302	**9,900**	10,893
Amortization:			
Equipment - internal	340	**321**	337
Equipment - external	568	**624**	735
Facilities and improvements	1,949	**1,930**	1,950
	51,084	**51,559**	47,798
Less amount reported in ancillary operations (Note 22)	(495)	**(1,189)**	(1,197)
	$ 50,589	**$ 50,370**	$ 46,601

Schedule 1

Crossroads Regional Health Authority #9
Schedule of Salaries, Honoraria, Benefits, Allowances and Severance

(in thousands of dollars)

For the year ended March 31, 2002

	2002				Severance			2001 Restated			
	(1) Number of Individuals	(2) Salaries and Honoraria	(3) Benefits and Allowances	Subtotal	(1) Number of Individuals	Amount	Total	Number of Individuals	Salaries and Honoraria	Severance Amount	Total
Authority Board Compensation											
RHA Chairperson Rick Wilson		$ 18		$ 18			$ 18		$ 19		$ 19
RHA Members											
Anderson, Colleen		7		7			7		8		8
Hamdon, Moe		2		2			2		5		5
Kruithof, Ian		9		9			9		7		7
Lalonce-Fertig, Louise		3		3			3				
Moore, Warna		3		3			3				
Murray, Peter		8		8			8		4		4
Rooyakkers, Kathy		3		3			3				
Sloan, Peggy		3		3			3				
Sydenham, Judy		2		2			2		8		8
Vaters, Jeanette		3		3			3				
Wilson, Wallace		1		1			1		4		4
Total honoraria		62	-	62		-	62		55	-	55
Staff											
Chief Executive Officer (CEO)	1	121	17	138	-	-	138	1	129	-	129
Management persons reporting to CEO											
COO Diagnostic and Treatment	1	100	15	115	-	-	115	1	92	96	188
COO Community Services	1	98	14	112	-	-	112	1	106	-	106
	2	198	29	227	-	-	227	2	198	96	294

Schedule 2

Crossroads Regional Health Authority #9
Schedule of Salaries, Honoraria, Benefits, Allowances and Severance

(in thousands of dollars)

For the year ended March 31, 2002

	2002							2001 Restated			
					Severance						
	(1) Number of Individuals	(2) Salaries and Honoraria	(3) Benefits and Allowances	Subtotal	(1) Number of Individuals	Amount	Total	Number of Individuals	Salaries and Honoraria	Severance Amount	Total
Other management persons reporting to those above (average 2002 $88,545, average 2001 $76,693) (excluding severances)	25	$ 1,923	$ 328	$ 2,251	2	$ 82	$ 2,333	29	$ 2,258	$ -	$ 2,258
Regulated nurses not included above (average 2002 $57,207, average 2001 $51,767) (excluding severances)	225	11,109	1,780	12,889			12,889	214	11,089	-	11,089
Other health technical and professionals (average 2002 $53,718, average 2001 $51,719) (excluding severances)	116	5,335	913	6,248	2	26	6,274	109	5,614	-	5,614
Unregulated health service providers (average 2002 $31,591, average 2001 $29,933) (excluding severances)	130	3,474	635	4,109	-	-	4,109	120	3,606	-	3,606
Other staff (average 2002 $40,076, average 2001 $36,486) (excluding severances)	182	6,169	1,143	7,312	1	100	7,412	176	6,406	31	6,437
	678	28,010	4,799	32,809	5	208	33,017	648	28,973	31	29,004
Total	681	$ 28,391	$ 4,845	$ 33,236	5	$ 208	$ 33,444	651	$ 29,355	$ 127	$ 29,482

Schedule 2

Crossroads Regional Health Authority #9
Schedule of Salaries, Honoraria, Benefits, Allowances and Severance

For the year ended March 31, 2002

(1) Full time equivalent (FTE) has been determined as follows:

2,022.75 hours for all employees except regulated nurses; Regulated nurses use 1,920.75.

Total actual discrete number of individuals employed. 2002 - 969 (2001 - 971)

(2) Salaries include regular base pay, overtime, lump sum payments, honoraria and any other direct cash remuneration including sick leave, short-term disability and vacation.

(3) Benefits and allowances include the employer's share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, out of country medical benefits, group life insurance, accidental death and dismemberment, long-term disability plans, Canada Pension Plan, Employment Insurance, Worker's Compensation, car benefits and allowances and tuition.

(4) The total amount is reported in the following schedules:

Note 20 - Ancillary Operations	$	131
Schedule 1 - Expenses by Object	$	33,444

Schedule 2

Crossroads Regional Health Authority #9
Three Year Summary of Revenue and Expenses

(in thousands of dollars)

For the years commencing April 1, 1999

	Actual			Proforma		
	2002	2001	2000	2002	2001	2000
Revenues						
Alberta Health contributions	$ 43,767	$ 40,433	$ 38,149	$ 43,767	$ 40,433	$ 38,149
Other government contributions	670	1,358	1,285	670	1,358	1,285
Fees and charges	2,605	2,634	2,339	2,605	2,634	2,339
Ancillary operations, net	(13)	10	(108)	(13)	10	(108)
Donations	63	54	122	63	54	122
Investment and other income	1,259	1,071	732	1,259	1,071	732
Amortization of external contributions	2,621	2,685	2,543	2,621	2,685	2,543
	50,972	48,245	45,062	50,972	48,245	45,062
Expenses						
Facility based inpatient acute services	9,966	9,024	8,257	9,966	9,024	8,257
Facility based emergency and outpatient services	3,721	3,047	2,723	3,721	3,047	2,723
Facility based continuing care services	5,601	4,753	4,437	5,601	4,753	4,437
Community and home based services	2,333	1,950	1,754	2,333	1,950	1,754
Diagnostic and therapeutic services	8,789	8,237	7,502	8,789	8,237	7,502
Promotion, prevention and protection services	2,589	2,315	2,113	2,589	2,315	2,113
Administration	3,044	2,799	2,845	3,044	2,799	2,845
Information Technology and we net	1,666	1,664	1,601	1,666	1,664	1,601
Y2K remedial cost			439			439
Support services	10,731	10,862	9,850	10,731	10,862	9,850
Amortization of facilities and improvements	1,930	1,950	1,950	1,930	1,950	1,950
	50,370	46,601	43,471	50,370	46,601	43,471
Excess of revenues over expenses	$ 602	$ 1,644	$ 1,591	$ 602	$ 1,644	$ 1,591

Schedule 3

#10

Capital Health Authority

Consolidated Financial Statements

March 31, 2002

CAPITAL HEALTH AUTHORITY

CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2002

Auditor's Report

Management's Responsibility for Financial Reporting

Consolidated and Combined Consolidated Statements of Financial Position

Consolidated and Combined Consolidated Statements of Operations

Consolidated and Combined Consolidated Statements of Changes in Net Assets

Consolidated and Combined Consolidated Statements of Cash Flows

Notes to the Consolidated Financial Statements

Schedule 1 – Consolidated Schedule of Expenses by Object

Schedule 2 – Consolidated Schedule of Salaries, Honoraria, Benefits, Allowances and Severance

Schedule 3 – Consolidated Three Year Summary of Revenue and Expense

Schedule 4 – Combined Consolidated Schedule of Costs of Health Outputs

AUDITOR
GENERAL
Alberta

AUDITOR'S REPORT

To the Members of the Capital Health Authority
and the Minister of Health and Wellness

I have audited the consolidated statement of financial position of the Capital Health Authority ("the Authority") as at March 31, 2002 and the consolidated statements of operations, changes in net assets and cash flows for the year then ended. I have also audited the supplementary information comprised of:

- the combined consolidated statements of financial position, operations, changes in net assets and cash flows of the Authority and the Caritas Health Group;
- the combined consolidated statement operations and combined consolidated schedule of costs of health outputs of the Authority, the Caritas Health Group and, with respect to physician fees for services rendered to Capital Health Region residents, the Department of Health and Wellness

as at and for the years ended March 31, 2001 and 2002, presented in accordance with the basis disclosed in Note 2 to the consolidated financial statements. These financial statements are the responsibility of the Authority's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Authority as at March 31, 2002 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

In my opinion, the combined consolidated financial statements including the combined consolidated schedule of costs of health outputs present fairly in all material respects:

- the combined financial position, and combined cash flows of the Authority and the Caritas Health Group; and
- the combined results of operations and combined costs of health outputs of the Authority, the Caritas Health Group and, with respect physician fees for services rendered to Capital Health Region residents, the Department of Health and Wellness

as at and for the years ended March 31, 2001 and 2002 in accordance with the basis of presentation disclosed in Note 2 to the consolidated financial statements.

Edmonton, Alberta
May 31, 2002, except for the combined
consolidated schedule of costs of health
outputs, which is June 14, 2002

Fred J Dunn CA
Auditor General

CAPITAL HEALTH AUTHORITY

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

CONSOLIDATED AND COMBINED CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2002

The accompanying consolidated and combined consolidated financial statements are the responsibility of management and have been approved by the Authority. The consolidated and combined consolidated financial statements were prepared in accordance with Canadian generally accepted accounting principles and the Financial Directives issued by Alberta Health and Wellness, and of necessity include some amounts that are based on estimates and judgments.

To discharge its responsibility for the integrity and objectivity of financial reporting, management maintains a system of internal accounting controls comprising written policies, standards and procedures, a formal authorization structure, and satisfactory processes for reviewing internal controls. This system is designed to provide management with reasonable assurance that transactions are in accordance with governing legislation, are properly authorized, reliable financial records are maintained, and assets are adequately accounted for and safeguarded. The Authority has established a code of ethics and corporate directives, which require communication of the code to employees.

The Authority members carry out their responsibility for the consolidated and combined consolidated financial statements through the Audit and Finance Committee. This Committee meets with management, and the Auditor General to discuss and review financial matters, and recommends the consolidated and combined consolidated financial statements to the Capital Health Authority Board for approval. The Auditor General has full and free access to the Audit and Finance Committee.

The Auditor General provides an independent audit of the consolidated and combined consolidated financial statements. His examination is conducted in accordance with Canadian generally accepted auditing standards and includes tests and other procedures, which allows him to report on the fairness of the consolidated and combined consolidated financial statements prepared by management.

Sheila Weatherill
President and
Chief Executive Officer

Allaudin Merali
Allaudin Merali
Vice President,
Finance and Administration

June 14, 2002

CAPITAL HEALTH AUTHORITY
CONSOLIDATED AND COMBINED CONSOLIDATED
STATEMENTS OF FINANCIAL POSITION
MARCH 31, 2002

(thousands of dollars)

	Consolidated			Combined Consolidated (Note 2)	
	Capital Health Authority			Capital Health Authority and Caritas Health Group	
	2002		2001	2002	2001
	Budget (Note 16)	Actual	Actual		
ASSETS					
Current assets					
Cash and temporary investments (Note 4)	$ 129,696	$ 127,381	$ 126,320	$ 148,501	$ 141,829
Accounts receivable					
Contributions receivable	24,757	24,765	9,757	24,765	9,757
Other receivables	33,650	36,450	25,256	41,528	27,777
Inventories	10,885	10,377	10,885	11,458	11,453
Prepaid expenses	34,655	33,580	34,655	33,678	35,286
	233,643	232,553	206,873	259,930	226,102
Contributions receivable (Note 5)	70,647	94,804	15,647	94,804	15,647
Non-current loan - long term care partnership projects (Note 6)	23,768	11,911	3,768	11,911	3,768
Non-current cash and investments (Note 4)	122,509	137,233	105,037	137,233	105,037
Capital assets (Note 7)	755,693	763,165	743,422	835,692	809,183
TOTAL ASSETS	$ 1,206,260	$ 1,239,666	$ 1,074,747	$ 1,339,570	$ 1,159,737
LIABILITIES AND NET ASSETS					
Current liabilities					
Accounts payable	$ 116,830	$ 111,152	$ 101,836	$ 123,254	$ 108,608
Accrued vacation pay	50,821	50,298	40,821	62,030	49,901
Deferred operating contributions (Note 8)	62,979	65,974	61,074	69,557	64,074
Current portion of long-term debt (Note 9)	2,444	2,129	2,444	3,691	3,000
	233,074	229,553	206,175	258,532	225,583
Non-current liabilities					
Deferred capital contributions (Note 10)	172,667	176,217	77,667	176,291	77,741
Deferred contributions - long term care partnership projects (Note 6)	46,701	46,363	16,701	46,363	16,701
Long term debt (Note 9)	9,659	9,206	12,059	11,480	14,395
Life lease deposits (Note 11)	10,194	13,421	8,594	13,421	8,594
	239,221	245,207	115,021	247,555	117,431
Unamortized external capital contributions (Note 12)	655,038	653,425	653,928	709,729	704,351
Net assets					
Unrestricted	-	2,431	129	2,317	433
Internally restricted funds for designated purposes (Note 13)	-	23,497	34,128	23,497	34,128
Investment in capital assets	78,927	85,553	65,366	97,940	77,811
	78,927	111,481	99,623	123,754	112,372
TOTAL LIABILITIES AND NET ASSETS	$ 1,206,260	$ 1,239,666	$ 1,074,747	$ 1,339,570	$ 1,159,737

Commitments (Note 15)

The accompanying notes and schedules are part of these consolidated and combined consolidated financial statements

CAPITAL HEALTH AUTHORITY
CONSOLIDATED AND COMBINED CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED MARCH 31, 2002

(thousands of dollars)

	Consolidated Capital Health Authority 2002: Unrestricted	Consolidated Capital Health Authority 2002: Operating Internally Restricted Funds for Designated Purposes (Note 13)	Consolidated Capital Health Authority 2002: Unrestricted and Internally Restricted Funds (Note 14)	Consolidated Capital Health Authority 2002: Investment in Capital Assets	Consolidated Capital Health Authority 2002: Total	Consolidated Capital Health Authority 2001: Total	Caritas Health Group (Note 2) 2002: Unrestricted and Internally Restricted Funds	Caritas Health Group (Note 2) 2002: Investment in Capital Assets	Caritas Health Group (Note 2) 2002: Total	Caritas Health Group (Note 2) 2001: Total
Balance at beginning of year	$ 129	$ 34,128	$ 34,257	$ 65,366	99,623	$ 97,789	$ 304	$ 12,445	$ 12,749	$ 5,732
Excess of revenue over expense	11,858	-	11,858	-	11,858	1,834	(357)		(357)	7,017
Capital assets purchased with internal funds	(3,739)	(35,827)	(39,566)	39,566	-	-	(189)	189		
Amortization on internally funded assets	19,320	-	19,320	(19,320)	-	-	748	(748)		
Transfer for internally funded capital assets	(28,364)	28,364	-	-	-	-				
Disposal of externally funded land	-	-	-	-	-	-		(119)	(119)	-
Repayment of long term debt used to fund capital assets	-	(3,168)	(3,168)	3,168	-	-	(620)	620		
Repayment of interim financing	(1,600)	-	(1,600)	1,600	-	-				
Life lease deposits received	4,827	-	4,827	(4,827)	-	-				
Balance at end of year Capital Health Authority	$ 2,431	$ 23,497	$ 25,928	$ 85,553	$ 111,481	$ 99,623	$ (114)	$ 12,387	$ 12,273	$ 12,749
Caritas Health Group	(114)		(114)	12,387	12,273	12,749				
Total Capital Health Authority and Caritas Health Group	$ 2,317	$ 23,497	$ 25,814	$ 97,940	$ 123,754	$ 112,372				

The accompanying notes and schedules are part of these consolidated and combined consolidated financial statements.

CAPITAL HEALTH AUTHORITY
CONSOLIDATED AND COMBINED CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 2002

(thousands of dollars)

	Consolidated Capital Health Authority 2002: Budget (Note 16)	Consolidated Capital Health Authority 2002: Actual	Consolidated Capital Health Authority 2001: Actual	Combined Consolidated (Note 2) Capital Health Authority, Caritas Health Group and Alberta Health and Wellness Physician Fees: 2002	Combined Consolidated (Note 2) Capital Health Authority, Caritas Health Group and Alberta Health and Wellness Physician Fees: 2001
Revenue					
Alberta Health and Wellness contributions (Note 17)	$ 1,354,557	$ 1,355,784	$ 1,176,203	$ 1,355,784	$ 1,176,203
Alberta Health and Wellness - physician fees (Note 29)	-	-	-	333,781	303,610
Other government contributions (Note 18)	18,201	20,187	18,013	11,534	11,907
Fees and charges	100,918	101,210	91,241	101,210	91,241
Ancillary operations, net (Note 19)	4,070	3,441	3,581	5,635	5,550
Research, education, investment and other income (Note 20)	64,749	61,189	61,479	69,329	69,595
Amortization of external capital contributions (Note 12)	38,390	42,767	38,613	49,171	44,328
TOTAL REVENUE	$ 1,580,885	$ 1,584,538	$ 1,389,130	$ 1,926,384	$ 1,702,434
Expense (Schedule 1)					
Facility-based inpatient acute care services	$ 479,804	$ 477,378	$ 389,159	$ 466,461	$ 376,368
Facility-based emergency and outpatient services	149,228	145,952	115,408	151,210	117,360
Facility-based continuing care services	195,135	191,507	180,194	184,331	174,087
Community and home based services	91,732	88,886	76,335	88,986	76,361
Diagnostic and therapeutic services	289,203	286,323	265,465	292,566	269,800
Promotion, prevention and protection services	41,697	39,772	34,318	39,856	34,384
Research and education	72,149	65,701	66,221	66,121	66,532
Administration (Note 21)	40,422	40,046	38,211	41,778	39,248
Information technology and alberta we net (Note 22)	37,312	38,291	34,706	38,293	34,706
Support services (Note 23)	181,438	177,772	167,040	183,453	173,802
Alberta Health and Wellness - physician fees (Note 29)	-	-	-	333,781	303,610
Amortization of facilities and improvements	23,371	21,060	20,239	28,137	26,605
TOTAL EXPENSE	$ 1,601,581	$ 1,572,680	$ 1,387,296	$ 1,914,883	$ 1,693,583
Excess (deficiency) of revenue over expense	$ (20,696)	$ 11,858	$ 1,834	$ 11,501	$ 8,851

Excess of revenue over expense is used to fund repayment of long term debt and purchase of medical equipment.

The accompanying notes and schedules are part of these consolidated and combined consolidated financial statements.

CAPITAL HEALTH AUTHORITY
CONSOLIDATED AND COMBINED CONSOLIDATED
STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2002
(thousands of dollars)

	Consolidated			Combined Consolidated (Note 2)	
	Capital Health Authority			Capital Health Authority and Caritas Health Group	
	2002		2001	2002	2001
	Budget	Actual	Actual		
Operating activities					
Excess (deficiency) of revenue over expense	$ (20,696)	$ 11,858	$ 1,834	$ 11,501	$ 8,851
Non-cash transactions					
Amortization of capital equipment - internally funded	11,500	17,269	9,867	18,016	10,514
Amortization of capital equipment - externally funded	18,390	22,618	17,919	25,426	20,705
Amortization of facilities and improvements	20,000	22,476	21,655	26,519	24,987
Amortization of external capital contributions (Note 12)	(38,390)	(43,259)	(39,556)	(50,117)	(45,302)
Net loss on disposal of capital equipment	-	216	361	657	970
Gain on disposal of investments	-	(88)	(727)	(88)	(727)
Change in non-cash working capital accounts	1,600	(926)	10,868	5,102	8,755
Cash generated (used) by operations	(7,596)	30,164	22,221	37,016	28,753
Investing activities					
Purchase of investments	(35,000)	(50,514)	(54,933)	(50,514)	(54,933)
Purchase of capital assets					
Internally funded	(22,661)	(39,566)	(26,397)	(39,755)	(26,633)
Funded with long-term debt	-	-	(1,600)	(2,000)	(1,600)
Externally funded (Note 12)					
Equipment	(9,000)	(7,208)	(8,611)	(10,935)	(9,169)
Facilities and improvements	(30,500)	(35,548)	(29,176)	(44,560)	(33,669)
Proceeds on sale of investments	35,000	36,771	51,107	36,771	51,107
Proceeds on disposal of capital assets	-	-	-	4	13
Long-term care partnership loan	(20,000)	(8,143)	(3,768)	(8,143)	(3,768)
Allocations to non-current cash	(17,472)	(18,365)	(33,889)	(18,365)	(33,889)
Cash used for investing activities	(99,633)	(122,573)	(107,267)	(137,497)	(112,541)
Financing activities					
Capital contributions (Note 10)	134,500	140,676	64,432	153,415	69,391
Long-term care partnership funds	30,000	30,292	1,753	30,292	1,753
Change in contributions receivable	(55,000)	(79,157)	31,747	(79,157)	31,747
Principal payments on long-term debt	(2,400)	(3,168)	(4,450)	(4,224)	(4,977)
Proceeds from long-term debt	-	-	-	2,000	
Life lease deposits received (repaid)	1,600	4,827	(47)	4,827	(47)
Cash generated from financing activities	108,700	93,470	93,415	107,153	97,867
Increase in current cash and temporary investments	1,471	1,061	8,389	6,672	14,079
Current cash and temporary investments at beginning of year	128,225	126,320	117,931	141,829	127,750
Current cash and temporary investments at end of year	$ 129,696	$ 127,381	$ 126,320	$ 148,501	$ 141,829

The accompanying notes and schedules are part of these consolidated and combined consolidated financial statements.

CAPITAL HEALTH AUTHORITY
NOTES TO THE CONSOLIDATED
FINANCIAL STATEMENTS
MARCH 31, 2002
(thousands of dollars)

Note 1 Authority, Purpose and Operations

The Capital Health Authority (the "Authority") was established on June 24, 1994 under the authority of the Regional Health Authorities Act, Chapter R-10, Revised Statutes of Alberta 2000. The Authority is exempt from payment of income tax and is a registered charity under the Income Tax Act.

The Authority is responsible for the delivery of appropriate, accessible and affordable health services in Alberta. This responsibility includes operating programs designed to promote, protect, maintain, restore and enhance physical and mental well being.

The geographic boundary of the Capital Region comprises the cities of Edmonton, St. Albert and Leduc, the municipalities of Beaumont, New Sarepta, Rolly View, Nisku, Calmar, Thorsby, Sunnybrook and Warburg, and the counties of Strathcona and Leduc. The Authority provides a significant amount of services to residents of surrounding northern regions, and for some specialized programs, provides services to all Albertans as well as the western provinces and territories.

The Authority operations include the following:

a) Acute Care Hospitals and Community Hospitals
    - University of Alberta Hospital
    - Royal Alexandra Hospital
    - Glenrose Rehabilitation Hospital
    - Grey Nuns Community Hospital (operated by the Caritas Health Group)
    - Misericordia Community Hospital (operated by the Caritas Health Group)
    - Sturgeon Community Hospital
    - Leduc Community Hospital

b) Innovative Primary Health Facilities
    - Northeast Community Health Centre

Note 1 Authority, Purpose and Operations (continued)

c) Continuing Care Facilities
  Capital Care Group Inc. (wholly owned subsidiary of the Authority):
    Dickinsfield, Grandview, Norwood, Lynnwood, Mewburn
    Veterans Centre, Strathcona Care Centre, McConnell Care
    Centres, Laurier Houses, Family Care Homes and Strathcona Dementia Care
    Centre
  Edmonton General Hospital (operated by the Caritas Health Group)
  Private and Voluntary Continuing Care Providers:
    13 providers under contract operating at 22 sites

d) Home Care
e) Public Health Clinics - 14 sites
f) Public Health Speciality Clinics - 4 sites
g) Medical Education (interns and residents) - various facilities
h) Research - undertaken at Northern Alberta Clinical Trials Centre and various facilities
i) Laboratory Services - hospital based laboratory services, and services contracted from a private operator
j) Provincial Laboratory at the University of Alberta Hospital site
k) Community Rehabilitation Physiotherapy Clinics at 47 sites under contract and 2 public sites
l) Community Organizations - 24 providers under contract
m) Ancillary Operations - non-patient food services, parking, and other commercial activities

These financial statements do not include the assets, liabilities and operations of any voluntary or private facilities providing health services in the region. Information on these facilities is disclosed in Note 24. However, supplementary information comprising the combined financial statements of the Authority, Caritas Health Group and, with respect to the cost of physician fees, Alberta Health and Wellness is provided (see Note 2).

In keeping with recommendations on the Report of the Premier's Advisory Council on Health (December 2001), on January 23, 2002, the Minister of Health and Wellness announced an intention to transfer and integrate mental health services to regional health authorities in early 2003. A detailed plan for transition will be developed in 2002/03 and the transfer of mental health services is expected to be completed by March 31, 2003. The effect of the transfer cannot be determined at the present time.

Note 2 Combined Consolidated Financial Statements

In meeting its responsibilities under the Regional Health Authorities Act, the Authority contracts with the Caritas Health Group to provide certain acute care services as an integral part of the Authority's operations.

Note 2 Combined Consolidated Financial Statements (continued)

The consolidated financial statements of the Capital Health Authority and the audited financial statements of the Caritas Health Group have been combined for the current and prior year and presented as supplementary information, item for item with the information presented in the consolidated financial statements of the Authority. Account balances and transactions between the Authority and the Caritas Health Group have been eliminated.

In order to more accurately reflect the total cost of providing health care services in the Capital Region, the Combined Consolidated Statement of Operations includes, as revenue and expense, the cost of physician fees paid by Alberta Health and Wellness for services rendered to the residents of the Capital Region. Schedule 4, and the notes thereto, presents supplementary information on the combined costs for the Authority, the Caritas Health Group, and, with respect to physician fees, Alberta Health and Wellness.

Note 3 Significant Accounting Policies and Reporting Practices

The consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles and the reporting requirements of Financial Directive 19 issued by Alberta Health and Wellness. Following are the significant accounting policies:

(a) Basis of Presentation

(1) These financial statements have been prepared on a consolidated basis, except that foundations are not consolidated (see Note 24). The entities consolidated are the Capital Health Authority and its wholly owned subsidiary, Capital Care Group Inc.

In addition, the Authority has a fifty percent interest in the Northern Alberta Clinical Trials Centre joint venture with the University of Alberta. The proportionate consolidation method has been used to include the Authority's interest in this joint venture.

(2) These consolidated financial statements have been prepared using the deferral method, the key elements of which are:

(i) Unrestricted operating grants and other contributions are recognized as revenue in the year they become receivable, unless they have been specifically designated by the contributor for a future year.

(ii) Externally restricted non-capital contributions are deferred and recognized as revenue in the year when related expenses are incurred. If these contributions are unspent, they are recorded as deferred contributions.

Note 3 Significant Accounting Policies and Reporting Practices (continued)

(a) Basis of Presentation (continued)

(iii) Externally restricted capital contributions are recorded as deferred contributions until the amount is invested in capital assets. Amounts invested representing externally funded capital assets are then transferred to unamortized external capital contributions. Unamortized external capital contributions are recognized as revenue in the periods in which the related amortization expense of the funded capital asset is recorded.

(iv) Restricted contributions to purchase capital assets which will not be amortized are recorded as direct increases to net assets.

(v) Unrestricted investment income is recognized in the year it is earned.

(vi) Investment income subject to external restrictions is, depending on the nature of the restrictions, recorded as a direct increase to net assets, or is deferred and recognized as revenue in the year the related expenses are incurred.

(vii) Donations and contributions in kind are recorded at fair value when such value can reasonably be determined and goods or services would have otherwise been purchased.

(viii) Revenue from sale of goods and services is recorded in the period that goods are delivered or services are provided.

(b) Full Cost

The Authority accounts for all costs and revenues related to services carried out for which it is responsible.

The fair value of costs of services is recorded. Fair value transactions recorded consist of the following:

(i) Revenue earned by contracted health service operators from Alberta Health and Wellness designated fees and charges is recorded as fees and charges of the Authority. An equivalent amount is recorded as contracted health service operator expense of the Authority.

(ii) Payments from Alberta Health and Wellness directly to contracted health service operators for health programs are recorded as revenue and an equivalent amount recorded as program expenses as these payments represent part of the cost of the Authority's health programs.

Note 3 Significant Accounting Policies and Reporting Practices (continued)

(b) Full Cost (continued)

(iii) The fair value for use of acute care facilities not owned by the Authority is recorded as revenue from other government contributions or from donations, and also recorded as program expense, since contract payments from the Authority do not include an amount for use of these facilities.

(iv) The fair value for use of non-acute care facilities not owned by the Authority and provided to the Authority at zero or nominal rent is recorded as other government contributions and as program expenses.

(v) Other assets, supplies and service contributions that would otherwise have been purchased are recorded as revenue and expenses, at fair value at the date of contribution, when a fair value can be reasonably determined. Volunteers contribute a significant amount of time each year to assist the Authority in carrying out its programs and services. However, contributed services of volunteers are not recognized as revenue and expenses in the financial statements because fair value cannot be reasonably determined.

(c) Employee Future Benefits

(i) Pension Obligation

The Authority and its eligible employees participate in the Local Authorities Pension Plan. This is a multi-employer defined benefit pension plan that provides pensions for the Authority's participating employees, based on years of service and earnings.

Defined contribution plan accounting is applied to a multi-employer defined benefit plan for which the Authority has insufficient information to apply defined benefit accounting.

Pension expense included in these financial statements comprises the amount of employer contributions required for its employees during the year, based on rates which are expected to provide for benefits payable under the pension plan. The Authority's portion of the pension plan's deficit or surplus is not recorded by the Authority.

(ii) Other Future Benefits

The Authority is obligated to pay out accumulated sick leave credits to certain employees employed prior to April 1, 1975 with five continuous years of permanent service. Those who terminate employment shall be entitled to collect pay in an amount equivalent to twenty-five percent (25%) of any unexpended sick leave credits.

Note 3 Significant Accounting Policies and Reporting Practices (continued)

(c) Employee Future Benefits (continued)

(ii) Other Future Benefits (continued)

The Authority participates in a Supplementary Unemployment Benefit Plan (SUBP). This is a post-delivery disability benefit for female employees who meet certain qualification criteria. Qualifying employees are entitled to a top-up of their Employment Insurance Maternity benefits to a percentage of their regular earnings and to a cost sharing of SUBP premiums during the post-delivery disability period.

The Authority fully accrues its obligations for employee non-pension future benefits.

(d) Investments

Investments are recorded at cost. Cost includes the amount of applicable amortization of discount or premium using the straight-line method over the period to maturity. The cost of disposal is determined on the average cost basis. Gains or losses realized on disposal are recognized in the period of disposal. Where there has been a loss in the value of an investment other than a temporary decline, the investment is written down to recognize the loss. The written down value is deemed to be the new cost.

(e) Financial Instruments

The carrying value of cash and temporary investments, accounts receivable and accounts payable approximates their fair value because of the short-term maturities of these items.

The fair values of cash and investments are disclosed in Note 4.

Non-current contributions receivable approximate their fair value.

The carrying value of the life lease deposits repayable over a long term at the original values is not discounted. The fair value of the life lease deposits is not practically determinable.

The carrying value of long-term debt and obligations under capital leases approximates their fair values.

(f) Inventories

Inventories are valued at the lower of cost and net realizable value.

Note 3 Significant Accounting Policies and Reporting Practices (continued)

(g) Capital Assets

Capital assets and construction projects in progress are recorded at cost. Capital assets costing less than $5,000 are expensed.

Capital assets are amortized over their estimated useful lives on a straight-line basis as follows:

Buildings	2.5% - 5%
Parking lots	5%-10%
Land improvements	10%
Furniture and equipment	5% - 20%
Equipment under capital lease	5% - 20%
Leasehold improvements	Lease term plus one renewal period

Capital projects in progress are not amortized until the project is complete.

Leases transferring substantially all of the benefits and risks of ownership of capital assets to the Authority are accounted for as acquisitions of capital assets financed by long-term obligations.

(h) Trust Funds Received by the Authority for Non-owned Facilities

The Authority receives trust funds from Alberta Infrastructure that are to be paid to operators of non-owned facilities for capital purposes or facility repairs. These amounts are not reflected in the financial statements but are disclosed in Note 27.

(i) Measurement Uncertainty

The consolidated financial statements by their nature, contain estimates and are subject to measurement uncertainty. The amounts recorded for amortization of capital assets and amortization of external capital contributions are based on estimates of the useful life of the related assets. Actual results could differ from these estimates. Also, the Authority is currently included in the Goods and Services (GST) free list of Alberta Government entities and, therefore, does not record or pay GST on purchased supplies and services. This situation could change in the future if the Authority ceases to be part of the GST free list of Alberta Government.

Note 4 Cash and Investments

	2002		2001	
	Cost	Market Value	Cost	Market Value
	(thousands of dollars)			
Cash	$ 177,826	$ 177,826	$ 153,058	$ 153,058
Money market securities	2,660	2,663	3,845	3,848
Bonds	58,687	58,244	53,224	53,519
Equities	25,441	30,926	22,830	25,753
Interim bank financing	-	-	(1,600)	(1,600)
Total	$ 264,614	$ 269,659	$ 231,357	$ 234,578
Reported as				
Current	$ 127,381		126,320	
Non-current	137,233		105,037	
	$ 264,614		$ 231,357	

(a) Income and financial returns are exposed to credit and price risks. Credit risk relates to the possibility that a loss may occur when another party fails to perform according to terms of the contract. Price risk comprises interest rate risk and market risk. Interest rate risk relates to the possibility that investments will change in value with future fluctuations in market interest rates. Market risk relates to the possibility that investments will change in value due to future fluctuations in market prices.

To earn optimal financial returns at an acceptable level of risk, management has established an asset mix policy of 0% to 100% for fixed-income instruments and 0% to 35% for equities. Risk is reduced through asset class diversification, diversification within each asset class and quality constraints on fixed-income and equity instruments.

(b) Publicly traded fixed-income instruments are managed with the objective of providing optimal returns while maintaining maximum security of capital. Return is optimized within risk constraints on the portfolio by management of portfolio duration and issuer mix.

Fixed-income securities maturity dates range from June 2004 to June 2029. Bond yields to maturity range from 4.75% to 9.5% as at March 31, 2002. (March 31, 2001 5.0% to 9.5%.) The weighted average term to maturity is 5.6 years.

Note 4 Cash and Investments (continued)

(c) Equities comprise publicly traded equities in Canadian and United States resident corporations. Risk is reduced by prudent security selection and sector rotation.

Non-current cash and investments held relate to the following:

	2002	2001
	(thousands of dollars)	
Funds committed for long-term care partnership projects (Note 6)	$ 46,363	$ 16,701
Non-current loan - long-term care partnership projects (Note 6)	(11,911)	(3,768)
Contributions receivable - long-term care partnership projects (Note 5)	(30,000)	-
Contributions externally restricted for capital purposes (Note 10)	176,217	77,667
Contributions receivable (Note 5)	(64,804)	(15,647)
Funds committed for capital purposes (Note 13)	23,497	34,128
Current portion of long-term debt (Note 9)	(2,129)	(2,444)
Interim bank financing - Laurier House	-	(1,600)
	$ 137,233	$ 105,037

Note 5 Contributions Receivable

	2002	2001
	(thousands of dollars)	
Alberta Infrastructure	$ 51,758	$ -
Alberta Health and Wellness		
Capital equipment	12,546	15,647
Other	500	-
	64,804	15,647
Alberta Infrastructure - long-term care partnership projects	30,000	-
	$ 94,804	$ 15,647

Note 6 Long-term Care Partnership Projects

Funds received from Alberta Infrastructure for the purpose of providing facility-based continuing care to the region's residents are recorded as long-term deferred contributions $46,363,000 (2001 $16,701,000).

The Authority uses the Forgivable Mortgage Model for reporting the contribution and advancement of funds. Under this model, the Authority finances the capital construction costs. The loan is repayable on demand, is secured by the facility and is forgivable for services rendered by the owner over the life of the facility. During the year, the Authority advanced $8,143,000 (2001 $3,768,000) for the construction of new facilities.

Funds used for constructing property for the Authority's subsidiary, Capital Care Group Inc., are transferred to deferred capital contributions. In 2002, the Authority expended $630,000 (2001 $1,552,000) on the Strathcona Care Centre and transferred this amount to deferred capital contributions (Note 10).

Note 7 Capital Assets

	2002			2001
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
	(thousands of dollars)			
Buildings	$ 840,353	$ 256,244	$ 584,109	$ 545,021
Parking lots	39,332	15,367	23,965	24,137
Land and improvements	4,965	769	4,196	4,196
Furniture and equipment	360,923	242,536	118,387	121,861
Equipment under capital lease	9,532	9,333	199	383
Leasehold improvements	4,080	3,606	474	660
Projects in progress [1]	31,835	-	31,835	47,164
	$ 1,291,020	$ 527,855	$ 763,165	$ 743,422

[1] Projects in progress include the Royal Alexandra Hospital redevelopment, University of Alberta Hospital operating rooms, other major capital upgrades and information technology projects under development.

Note 7 Capital Assets (continued)

(a) Land

Land at the following sites has been provided to the Authority at nominal values:

Site	Leased From	Lease Period
Royal Alexandra Hospital	City of Edmonton	Expires 2003
Glenrose Rehabilitation Hospital	Province of Alberta	Expires 2038
Mewburn Veterans Centre	Alberta Cancer Board	Expires 2008
Laurier Houses	Alberta Infrastructure	Expires 2056
McConnell Place North	City of Edmonton	Expires 2035
McConnell Place West	Alberta Infrastructure	Expires 2056

(b) Capital assets have been funded from the following sources:

	2002	2001
	(thousands of dollars)	
Externally funded (unamortized external capital contributions) (Note 12)	$ 653,425	$ 653,928
Internally funded (investment in capital assets)	85,553	65,366
Financed through:		
Long-term debt (Note 9)	11,335	14,503
Life lease deposits (Note 11)	13,421	8,594
Interim financing - Laurier House (Note 4)	-	1,600
Other	(569)	(569)
	$ 763,165	$ 743,422

Note 8 Deferred Operating Contributions

	2002	2001
	(thousands of dollars)	
Amounts received		
Alberta Health and Wellness contributions		
Restricted	$ 72,022	$ 57,794
Unrestricted	1,288,968	1,124,324
	1,360,990	1,182,118
Other government contributions	9,534	6,524
Special purpose funds for research and education	31,302	35,752
Other contributions	4,429	3,077
	1,406,255	1,227,471
Amounts recognized as revenue		
Alberta Health and Wellness contributions (Note 17)		
Restricted	66,786	51,861
Unrestricted	1,288,968	1,124,342
	1,355,754	1,176,203
Other government contributions		
Primary care projects (Note 18)	7	429
Alberta Mental Health Board (Note 18)	3,253	1,330
School health initiatives (Note 18)	4,499	3,559
Federal Government projects (Note 18)	25	-
Community Lottery Boards (Note 18)	31	-
Special purpose funds for research and education (Note 20)	32,845	35,944
Other contributions (Note 20)	4,941	1,852
	1,401,355	1,219,317
Change during the year	4,900	8,154
Balance at beginning of year	61,074	52,920
	$ 65,974	$ 61,074
Unspent amounts at end of year are restricted for the following purposes		
Alberta Health and Wellness patient care programs	$ 22,069	$ 16,833
Other government contributions for primary care programs	3,241	1,522
Special purpose funds for research and education	33,814	35,357
Other	6,850	7,362
	$ 65,974	$ 61,074

Note 9 Long-term Debt

	2002	2001
	(thousands of dollars)	
Loans	$ 2,222	$ 3,924
Debentures	9,113	10,169
	11,335	14,093
Obligation under capital lease, net of imputed interest	-	410
	11,335	14,503
Less: current portion	2,129	2,444
Long-term portion	$ 9,206	$ 12,059

	Loans and Debentures
Future principal payments:	
For the year ending March 31	
2003	$ 2,129
2004	772
2005	369
2006	391
2007	413
thereafter	7,261
	$ 11,335

Note 9 Long-term Debt (continued)

Loan and debenture maturities and rates are as follows:

	Maturity Date	Rate	Amount 2002	Amount 2001
			(thousands of dollars)	
Alberta Municipal Financing Corp.[1]	October 1, 2018	5.75%	$ 9,113	$ 9,426
Pacific & Western Trust Corporation[2]	April 26, 2003	5.55%	2,222	3,924
City of Edmonton - semi-annual[3]	June 1, 2020	6.875%	-	743
			$ 11,335	$ 14,093

[1] The parkade at University of Alberta Hospital is pledged as collateral security for the Alberta Municipal Financing Corporation debenture.

[2] Capital equipment is pledged as collateral security for the Pacific & Western Trust Corporation loan.

[3] The borrowing was repaid in full prior to maturity date.

Note 10 Deferred Capital Contributions

The deferred capital contributions balance represent amounts accounted for in accordance with the accounting policy described in Note 3a(2).

	2002	2001
	(thousands of dollars)	
Amounts received:		
Restricted Alberta Health and Wellness contributions	$ 5,364	$ 5,000
Restricted other government contributions	55,983	32,583
Interest on externally restricted contributions	424	554
Donations restricted for capital purposes	10,206	8,380
Other	3,895	2,268
	75,872	48,785
Capital contributions receivable (Note 5)	64,804	15,647
	140,676	64,432
Transferred from deferred contributions - long-term care partnership projects (Note 6)	630	1,552
Transferred to unamortized external capital contributions (Note 12)	(42,756)	(37,787)
Change during the year	98,550	28,197
Balance at beginning of year	77,667	49,470
Balance at end of year	$ 176,217	$ 77,667
Balance at the end of the year is restricted for the following purposes:		
Equipment	$ 72,181	$ 54,913
New construction upgrade projects	104,036	22,754
	$ 176,217	$ 77,667

Note 11 Life Lease Deposits

Funding for the Laurier Houses, project for long-term care residents, is provided by the tenants with a non-interest bearing repayable deposit, for a right to occupy the unit leased. When the life lease agreement is terminated, which may be by death or the tenant moving out, the life lease deposit is returned to the tenant without interest and in accordance with the terms of the life lease agreement.

Note 12 Unamortized External Capital Contributions

The balance at the end of year represents the external capital contributions that will be recognized as revenue in future years.

	2002	2001
	(thousands of dollars)	
Balance at beginning of year	$ 653,928	$ 655,697
Add amounts transferred from deferred capital contributions (Note 10)	42,756	37,787
Less amounts recognized as revenue:		
Ancillary operations (Note 19)	(492)	(943)
Amortization of external capital contributions	(42,767)	(38,613)
	(43,259)	(39,556)
Balance at end of year	$ 653,425	$ 653,928

Note 13 Internally Restricted Funds for Designated Purposes

Funds restricted for designated purposes represent amounts internally restricted by the Authority for the following purposes:

	2002	2001
	(thousands of dollars)	
Amounts appropriated for capital commitments	$ 19,040	$ 31,817
Debt repayment	2,100	500
Other	2,357	1,811
	$ 23,497	$ 34,128

Note 14 Unrestricted and Restricted Funds

	2002	2001
	(thousands of dollars)	
Deficiency in net assets at regionalization - April 1, 1995	$ (802)	$ (802)
Cumulative operating surplus[1]	82,513	70,655
Net investment in capital assets	(60,340)	(35,326)
Other, including life lease deposits	4,557	(270)
	$ 25,928	$ 34,257
Unrestricted	$ 2,431	$ 129
Restricted funds for designated purposes	23,497	34,128
	$ 25,928	$ 34,257

Unrestricted and Restricted Funds by Year

	Opening Balance	Operating Surplus Deficit	Capital Asset Acquisitions	Amortization on Internally Funded Assets	Debt Repayment	Other Including Life Lease Deposits	Ending Balance
			(thousands of dollars)				
1995-96	$ (802)	$ (30,822)	$ (2,429)	$ 7,036	$ (835)	$ -	$ (27,852)
1996-97	(27,852)	9,927	(13,132)	7,001	(659)	-	(24,715)
1997-98	(24,715)	25,135	(2,070)	7,299	(1,894)	-	3,755
1998-99	3,755	89	(15,442)	8,536	(3,061)	(225)	(6,348)
1999-00	(6,348)	64,492	(9,492)	7,809	(3,392)	-	53,069
2000-01	53,069	1,834	(26,397)	10,246	(4,450)	(45)	34,257
2001-02	34,257	11,858	(39,566)	19,320	(4,768)	4,827	25,928
Total		$ 82,513 [1]	$ (108,528)	$ 67,247	$ (19,059)	$ 4,557	

[1] The cumulative operating surplus of $82,513,000 includes funding of $33,081,000 received in 1997 1998 for the inherited deficit at regionalization.

Note 15 Commitments

The Authority is committed to operating lease payments in future years as follows:

		(thousands of dollars)
For the year ending March 31,	2003	$ 2,177
	2004	1,528
	2005	1,286
	2006	790
	2007	417
	thereafter	-
		$ 6,198

The leases expire at various dates from 2003 to 2007.

The Authority has outstanding commitments for capital equipment purchases of $57,576,000 and the commitments for long-term care partnership projects of $34,452,000.

The Authority contracts on an ongoing basis with voluntary, private and community health service operators to provide acute and continuing care and other health services in the Region (Note 24(e)). The Authority has contracted for services in the year ending March 31, 2003 similar to those provided by these operators in 2002.

In order to manage its exposure to the volatility in the electrical industry, the Authority has entered into a five year contract to fix its electrical costs at all sites, except the University of Alberta Hospital, at a rate of 7.8 cents per kilowatt hour. This commitment expires on January 1, 2006. Based on 2002 consumption, the estimated annual cost of this contract is $4,000,000. The University of Alberta Hospital power is provided through the University of Alberta.

Note 16 Budget

(a) Consolidated Statement of Financial Position

	Approved Budget[1]	Adjustments[2]	Reported Budget
		(thousands of dollars)	
Assets			
Current assets			
Cash and temporary investments	$ 128,096	$ 1,600	$ 129,696
Accounts receivable			
Contributions receivable	9,757	15,000	24,757
Other receivables	25,256	8,394	33,650
Inventories	10,885	-	10,885
Prepaid expenses	34,655	-	34,655
	208,649	24,994	233,643
Contributions receivable	647	70,000	70,647
Non-current loan - long-term care partnership projects	3,768	20,000	23,768
Non-current cash and investments	70,909	51,600	122,509
Capital assets	745,693	10,000	755,693
Total Assets	$ 1,029,666	$ 176,594	$ 1,206,260
Liabilities and Net Assets			
Current liabilities			
Accounts payable	$ 101,836	$ 14,994	$ 116,830
Accrued vacation pay	40,821	10,000	50,821
Deferred operating contributions	62,979	-	62,979
Current portion of long-term debt	2,444	-	2,444
	208,080	24,994	233,074
Non-current liabilities			
Deferred capital contributions	62,667	110,000	172,667
Deferred contributions long-term care partnership projects	16,701	30,000	46,701
Long-term debt	9,659	-	9,659
Life lease deposits	8,594	1,600	10,194
	97,621	141,600	239,221
Unamortized external capital contributions	652,038	3,000	655,038
Net assets			
Investment in capital assets	71,927	7,000	78,927
Total Liabilities and Net Assets	$ 1,029,666	$ 176,594	$ 1,206,260

Note 16 Budget (continued)

(b) Consolidated Statement of Operations

	Approved Budget[1]	Adjustments[2]	Reported Budget
		(thousands of dollars)	
Revenue			
Alberta Health and Wellness contributions	$ 1,339,557	$ 15,000	$ 1,354,557
Other government contributions	18,201	-	18,201
Fees and charges	94,918	6,000	100,918
Ancillary operations, net	4,070	-	4,070
Research, education, investment and other income	64,749	-	64,749
Amortization of external capital contributions	38,390	-	38,390
	1,559,885	21,000	1,580,885
Expense			
Facility-based inpatient acute services	449,894	30,000	479,894
Facility-based emergency and outpatient services	135,228	14,000	149,228
Facility-based continuing care services	206,135	(11,000)	195,135
Community and home based services	88,732	3,000	91,732
Diagnostic and therapeutic services	303,203	(14,000)	289,203
Promotion, prevention and protection services	36,697	5,000	41,697
Research and education	72,149	-	72,149
Administration	38,422	2,000	40,422
Information technology and alberta we net	37,312	-	37,312
Support services	189,438	(8,000)	181,438
Amortization of facilities and improvements	23,371	-	23,371
	1,580,581	21,000	1,601,581
Excess of expense over revenue	$ (20,696)	$ -	$ (20,696)

(1) The Authority Board approved the budget on August 31, 2001 and was also provided a budget update on November 29, 2001 as a result of funding reductions. The Minister of Health and Wellness approved the budget in a letter dated December 18, 2001.

(2) Adjustments relate mainly to funding for the "Specialist on Call" program and revisions made during the year based on forecasts and actual amounts.

Note 17 Alberta Health and Wellness Contributions

	2002		2001
	Budget	Actual	Actual
	(thousands of dollars)		
Unrestricted funding	$1,286,870	$ 1,286,871	$ 1,121,023
One-time funding for Caritas Health Group's accumulated deficit	-	-	8,050
Unrestricted contributions made directly by Alberta Health and Wellness to contracted health service operators (Note 24(e))	-	2,097	3,319
	1,286,870	1,288,968	1,132,392
Other restricted funding	67,687	66,786	43,811
	$1,354,557	$ 1,355,754	$ 1,176,203

Note 18 Other Government Contributions

	2002		2001
	Budget	Actual	Actual
	(thousands of dollars)		
Alberta Infrastructure	$ -	$ 507	$ 922
Primary care projects (Note 8)	-	7	429
Alberta Mental Health Board (Note 8)	3,000	3,253	1,330
School health initiatives (Note 8)	3,701	4,499	3,559
Federal Government projects (Note 8)	-	25	-
Community Lottery Boards (Note 8)	-	31	-
Fair value of rent less rent charges for non-acute care facilities used by the Authority (Note 24(e))	3,200	3,213	3,230
Fair value for use of non-owned acute care facilities (Note 24(e))	8,300	8,652	8,543
	$ 18,201	$ 20,187	$ 18,013

Note 19 Ancillary Operations

	2002					2001
	(thousands of dollars)					
	Non Patient Food Services Operations	Other Operations	Parking Operations	Total	Budget	Total
Revenue	$ 10,182	$ 14,465	$ 7,405	$ 32,052	$ 28,867	$ 30,133
Amortization of external capital contributions	134	38	320	492	-	943
	10,316	14,503	7,725	32,544	28,867	31,076
Expense						
Other expenses	10,306	13,877	3,503	27,686	24,797	25,853
Amortization of capital assets	134	38	1,245	1,417	-	1,642
	10,440	13,915	4,748	29,103	24,797	27,495
Excess of revenue over expense 2001/02	$ (124)	$ 588	$ 2,977	$ 3,441	$ 4,070	$ 3,581
Excess of revenue over expense 2000/01	$ 223	$ 53	$ 3,305	$ 3,581	$ 4,173	

Note 20 Investment, Research, Education and Other Income

	2002		2001
	Budget	Actual	Actual
	(thousands of dollars)		
Investment income	$ 13,029	$ 14,140	$ 14,876
Research and education (Note 8)	32,500	32,845	35,944
Other contributions (Note 8)	5,235	4,941	1,852
Sales and recoveries	13,985	9,263	8,807
	$ 64,749	$ 61,189	$ 61,479

Investment income comprises interest, dividends, amortization of discount and premiums, and net gains on disposal of investments.

Note 21 Administration

	2002		2001
	Budget	Actual	Actual
	(thousands of dollars)		
General administration	$ 20,280	$ 19,843	$ 20,217
Financial services	8,559	8,592	8,110
Interest on long-term debt	739	464	293
Human resources	10,844	11,147	9,591
	$ 40,422	$ 40,046	$ 38,211
Expenses before amortization of related capital assets		$ 39,604	$ 37,875
Amortization of related capital assets		442	336
		$ 40,046	$ 38,211

Note 22 Information Technology and alberta we net

	2002		2001
	Budget	Actual	Actual
	(thousands of dollars)		
Information systems support	$ 37,312	$ 38,293	$ 28,148
alberta we net	-	-	6,558
	$ 37,312	$ 38,293	$ 34,706

alberta we net is the province-wide, strategic initiative to build a health information network. The initiative brings together a broad spectrum of health professionals into multi-disciplinary teams to put information technology to work to improve health service delivery to all Albertans. alberta we net brings together doctors, nurses, regional health authorities, pharmacists, the Alberta Cancer Board, the Alberta Mental Health Board, universities and faculties of medicine, a national health information institute and Alberta Health and Wellness in the planning and implementation of the network.

The Authority's contribution has been applied towards planning, pre-development and development activities that will produce clinical and administrative deliverables and to develop applications to support we net initiatives. In accordance with Canadian generally accepted accounting principles, $nil has been expensed (2001 $6,558,000) and $nil (2001 $nil) has been capitalized.

Note 23 Support Services

	2002		2001
	Budget	Actual	Actual
	(thousands of dollars)		
Clinical engineering	$ 5,289	$ 5,630	$ 5,262
Building maintenance, operations and security(1)	62,846	54,314	55,826
Communications	4,497	4,522	4,993
Education	5,499	5,280	4,228
Housekeeping	25,295	25,302	23,937
Materials management	21,009	24,445	21,275
Patient food services	29,914	30,291	27,598
Patient registration and health records	17,264	17,583	15,934
Patient transportation	8,521	9,086	5,725
Other services	1,304	1,319	2,262
	$ 181,438	$ 177,772	$ 167,040
Expenses before amortization of related capital assets		$ 173,536	$ 162,941
Amortization of related capital assets		4,236	4,099
		$ 177,772	$ 167,040

(1) Includes utility costs

Note 24 Related Parties

(a) Provincial Government

The Authority is established under the Regional Health Authorities Act. Two-thirds of the members of the Authority are elected. The Minister of Health and Wellness appoints the remaining members. Transactions between the Authority and the Province are disclosed in the Consolidated Statement of Operations and notes 8, 10, 17 and 18 to the consolidated financial statements.

(b) The consolidated financial statements include the accounts of Capital Care Group Inc. which operates continuing care centres in the Region.

Note 24 Related Parties (continued)

(c) Foundations

The Authority has an economic interest in the following foundations:

	Contributions Received [1]		Resources Held by Foundations		
			2002		
	2002	2001	Endowments & Externally Restricted	Internally Restricted	Unrestricted
			(thousands of dollars)		
University Hospital Foundation	$ 5,442	$ 3,442	$ 12,963	$ 6,861	$ 6,650
Royal Alexandra Hospital Foundation	1,079	1,038	2,021	3,835	877
Children's Health Foundation of Northern Alberta	2,958	5,698	622	1,325	2,271
Capital Care Foundation	550	474	638	181	88
Black Gold Health Foundation	143	46		75	91
Glenrose Foundation	479	765	1,129	221	772
Sturgeon Community Hospital & Health Centre Foundation	298	224	561		425
Strathcona Health Care Foundation	254	197		9	
Council of Foundations	5	105	-	3,249	769
	$ 11,208	$ 11,989	$ 17,934	$ 15,756	$ 11,943

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[1] Contributions comprise externally restricted amounts for equipment, programs, research and education.

Note 24 Related Parties (continued)

(c) Foundations (continued)

Amounts related to administrative support provided to foundations and the accounts receivable from (payable to) the foundations at year-end are as follows:

	Administrative Support		Accounts Receivable (Payable)	
	2002	2001	2002	2001
		(thousands of dollars)		
University Hospital Foundation	$ -	$ -	$ 286	$ 133
Royal Alexandra Hospital Foundation	-	-	-	-
Children's Health Foundation of Northern Alberta	-	-	453	687
Capital Care Foundation	154	171	77	118
Black Gold Health Foundation	26	32	-	-
Glenrose Foundation	187	179	-	-
Sturgeon Community Hospital & Health Centre Foundation	-	-	12	(1)
Strathcona Health Care Foundation	-	-	-	-
Council of Foundations	11	2	(137)	(93)
	$ 378	$ 384	$ 691	$ 844

Note 24 Related Parties (continued)

(d) Other Voluntary Organizations

The Authority has an economic interest in the following organizations affiliated with the hospitals:

	Contributions Received		Resources Held by Organizations		
			2002		
	2002	2001	Endowments & Externally Restricted	Internally Restricted	Unrestricted
	(thousands of dollars)				
The Friends of University Hospital	$ 250	$ 250	$ 100	$ -	$ 728
Royal Alexandra Hospital Women's Auxiliary	142	129		-	405
Sturgeon Healthcare Auxiliary Volunteer Association	54	61	-	-	223
Glenrose Rehabilitation Hospital Women's Auxiliary	-	-	-	-	-
	$ 446	$ 440	$ 100	$ -	$ 1,356

(e) Contracted Health Service Operators

The Authority contracts with voluntary, private and community health service operators to provide acute and continuing care health services in the Region.

One of the major service providers within the region is the Caritas Health Group. A Cooperation Agreement, dated March 21, 1996, arising from the agreement between the Catholic Health Association of Alberta and Associates and Alberta Health and Wellness dated December 20, 1994, describes the relationship between the Authority and the Caritas Health Group. These financial statements include, as supplementary information, financial information related to the Caritas Health Group. The consolidated statement of operations amounts include expenses of the Caritas Health Group to the extent of funding provided by the Authority plus approved patient or resident fees and charges and a fair value adjustment for the use of the Caritas Health Group's acute care facilities.

Note 24 Related Parties (continued)

(e) Contracted Health Service Operators (continued)

The Authority Region has an economic interest in the following voluntary and private health providers as it transfers significant resources to these entities.

	2002					2001
	Direct Funding by the Authority	Direct Funding by Alberta Health and Wellness (Note 17)	Approved Patient Resident Fees and Charges	Full Cost Adjustments (Note 18)	Total	Total
	(thousands of dollars)					
Facility Name						
Allen Gray Continuing Care Centre	$ 2,399	$ -	$ 562	$ -	$ 2,961	$ 2,574
Caritas Health Group	179,505	-	11,863	11,686	203,054	172,803
Central Park Lodge	7,428	-	2,292	-	9,720	9,021
Extendicare	8,510	185	2,759	-	11,454	10,542
Good Samaritan	27,633	301	6,839	-	34,773	31,489
Hardisty Nursing Home	4,166	-	1,738	-	5,904	5,541
Jubilee Lodge Nursing Home	4,914	392	1,547	-	6,853	6,394
Millwoods Shepherd's Care Centre	6,721	371	2,049	-	9,141	8,734
Salem Manor	3,328	58	1,040	-	4,426	5,313
Sherwood Park Care Centre	3,146	-	1,012	179	4,337	4,055
St. Joseph's Auxiliary Hospital	9,070	-	2,061	-	11,131	10,255
St. Michael's Long-term Care Centre	5,771	480	1,487	-	7,738	7,272
Venta Nursing Home	2,558	244	861	-	3,663	3,439
Youville Nursing Home (St. Albert)	5,482	66	1,611	-	7,159	6,638
Physiotherapy providers	6,184	-	-	-	6,184	6,044
Homecare providers	35,391	-	-	-	35,391	24,867
Others	22,050	-	-	-	22,050	59,614
	$ 384,256	$ 2,097	$ 37,721	$ 11,865	$ 435,939	$ 374,595
Reported in the following expenses categories						
Facility-based continuing care services					$ 90,645	$ 82,746
Facility-based inpatient acute services					79,987	63,443
Facility-based emergency and outpatient services					26,985	25,098
Community and home based services					41,407	30,848
Diagnostic and therapeutic services					109,714	93,722
Research and education					2,073	2,019
Support services					78,116	69,869
Administration					7,012	6,850
					$ 435,939	$ 374,595

Note 25 Province Wide Services

Included in Alberta Health and Wellness contributions is funding to provide a small range of complex, high technology, high cost services (classified as Province Wide Services) on behalf of all Albertans. Information on costs and funding for these services, included in revenues and expenses, is as follows:

	2002				2001			
	(thousands of dollars)							
			Variance				Variance	
	Funding[1]	Costs[2]	$	%	Funding[1]	Costs[2]	$	%
Inpatient[3]	$ 98,478	$ 103,695	$ (5,217)	(5.3)	81,539	97,075	$ (15,536)	(19.1)
Clinics and home services[4]	57,491	58,070	(579)	(1.0)	40,490	43,563	(3,073)	(7.6)
High cost drugs and devices[5]	17,848	18,637	(789)	(4.4)	17,141	16,075	1,066	6.2
Tertiary services[6]	20,466	25,921	(5,455)	(26.7)	18,032	21,973	(3,941)	(21.9)
Unallocated Funding[1]	3,129	-	3,129	100.0	-	-	-	-
	$ 197,412	$ 206,323	$ (8,911)	(4.5)	$ 157,202	$ 178,686	$ (21,484)	(13.7)

(1) Funding provided by Alberta Health and Wellness does not include amortization of related external capital contributions. The unallocated funding of $3.1 million was for all province wide services, and therefore, was not allocated to specific services.

(2) Costs for inpatient, and clinics and home services include an allocation of overhead and amortization of equipment.

(3) Inpatient services consist of organ and bone marrow transplants, most heart surgeries, high end trauma and burns cases, selected neurosurgery procedures, neonatology and selected oncology procedures. Inpatient volumes funded were 4,981(2001 – 4,767) cases while the actual volumes were 5,249 (2001 – 5,014) cases, a difference of 268 cases. Actual costs were based on the costing methodology adopted by Alberta Health and Wellness Costing Partnership Project. Inpatient costs are based on average case cost throughout the year. Patient activity is based on patient discharge date.

(4) Clinics and home services represent actual costs for programs such as renal and peritoneal dialysis services, pre and post transplant services, home enteral nutrition therapy, medical genetics testing, and the diagnosis and treatment of sleep disorders. Estimated costs for services to out-of-province patients are excluded.

(5) High cost drugs represent actual costs for transplantation drugs, HIV drugs and other pre-established high cost drugs. High cost devices represent actual costs for cranioplasty, implantable cardiac defibrillators and cochlear implants.

Note 25 Province Wide Services (continued)

(6) Tertiary services compensate for indirect costs relating to teaching and research hospitals. The amounts reported are based on methodology developed by the Province Wide Services Advisory Committee.

Note 26 Surgical Services Contracts

The Authority has entered into contracts with accredited surgical facilities pursuant to the Health Care Protection Act to provide health services. Information of the facilities, contract value and payments is as follows:

Entity	Service	Term of Contract Start Date	Term of Contract End Date	Annual Value of Contract	Total Expense March 31 2002	Total Expense March 31 2001
				(thousands of dollars)		
Don Groot Professional Corporation	Dermatology	01-Oct-00	30-Sep-02	$ 236	$ 236	$ 110
Alberta Eye Institute, Inc	Ophthalmology	01-Oct-00	30-Sep-02	283	239	102
Boski Eye Centre and Surgical Suite	Ophthalmology	01-Oct-00	30-Sep-02	17	20	9
Coronation Day Surgery Centre	Ophthalmology	01-Oct-00	30-Sep-02	36	14	35
David B. Climenhaga Professional Corporation	Ophthalmology	01-Oct-00	30-Sep-02	273	269	142
Gimbel Eye Centre - Edmonton Inc	Ophthalmology	01-Oct-00	30-Sep-02	298	290	167
Royce L.C. Johnson Professional Corporation	Ophthalmology	01-Oct-00	30-Sep-02	153	143	85
Surgical Centres Inc	Ophthalmology	01-Oct-00	30-Sep-02	51	61	23
Darrell Andrew Paul Gotaas Professional Corporation	Oral Surgery	01-Nov-00	31-Oct-02	97	61	19
E. Christopher Robinson Professional Corporation	Oral Surgery	01-Nov-00	31-Oct-02	54	45	21
E. Wayne Lunus Professional Corporation	Oral Surgery	01-Nov-00	31-Oct-02	55	30	6
Kevin E. Lung Professional Corporation	Oral Surgery	01-Nov-00	31-Oct-02	122	99	48
Randall W. Krentz Professional Corporation	Oral Surgery	01-Nov-00	31-Oct-02	41	15	4
Terence K. Vankka Professional Corporation	Oral Surgery	01-Nov-00	31-Oct-02	24	23	5
Thomas R. Stevenson Professional Corporation	Oral Surgery	01-Nov-00	31-Oct-02	49	32	9
Walter Dobrovolsky Professional Corporation	Oral Surgery	01-Nov-00	31-Oct-02	97	90	31
Plastic & Cosmetic Laser Surgical Centre	Plastic Surgery	01-Oct-00	30-Sep-02	257	277	137
Surgical Centres Inc	Plastic Surgery	01-Oct-00	30-Sep-02	23	19	4
Hava 91 Limited - Morgentaler Clinic	Reproductive Health	01-Oct-00	30-Sep-02	1,102	1,112	567
				$ 3,268	$ 3,075	$ 1,524

Payments to these accredited surgical facilities are reported under facility-based emergency and outpatient services in the Consolidated Statement of Operations.

Note 27 Trust Funds

The Authority receives funds in trust from Alberta Infrastructure for non-owned facilities for capital purposes and facility repairs. These amounts are not reported in the consolidated financial statements.

During the year the Authority received $12,739,000 (2001 $7,930,000) and disbursed $13,174,000 (2001 $4,597,000) for capital and facility repairs for non-owned facilities. The balance of funds held by the Authority is $4,394,000 (2001 $4,829,000).

Note 28 Pension Costs

The Authority participates in the Local Authorities Pension Plan, which is a multi-employer defined benefit plan. The pension expense recorded in these financial statements is equivalent to the Authority's annual contributions payable of $22,598,000 for the year ended March 31, 2002 (2001 $21,845,000).

At December 31, 2001 the Local Authorities Pension Plan reported a surplus of $634,960,000 (2001 $883,823,000).

Note 29 Physician Fees

The cost of physician fees paid by Alberta Health and Wellness for services rendered to the Capital Region amounted to $333,751,000 (2001 $303,610,000).

Note 30 Comparative Figures

Certain March 31, 2001 figures have been reclassified to conform to the March 31, 2002 presentation.

Note 31 Approval of Financial Statements

These financial statements have been approved by the Authority.

Schedule 1

CAPITAL HEALTH AUTHORITY
CONSOLIDATED SCHEDULE OF EXPENSES BY OBJECT
FOR YEAR ENDED MARCH 31, 2002
(thousands of dollars)

	2002		2001
	Budget	Actual	Actual
Salaries, honoraria, benefits, allowances and severance (Schedule 2)	$ 732,279	$ 724,966	$ 636,966
Contracts with health service operators (Note 24(c))	436,342	435,939	374,595
Drugs, gases, medical and surgical supplies	129,839	122,372	108,272
Medical, consulting and other professional services	109,282	101,301	69,228
Other	168,746	154,636	175,928
Amortization			
Capital equipment - internally funded	11,500	17,269	9,867
Capital equipment - externally funded	18,390	22,834	18,280
Facilities and improvements	20,000	22,476	21,655
	1,626,378	1,601,793	1,414,791
Less amounts reported in ancillary operations (Note 19)	(24,797)	(29,103)	(27,495)
	$ 1,601,581	$ 1,572,690	$ 1,387,296

Schedule 2

CAPITAL HEALTH AUTHORITY
CONSOLIDATED SCHEDULE OF SALARIES, HONORARIA, BENEFITS, ALLOWANCES AND SEVERANCE
FOR THE YEAR ENDED MARCH 31, 2002

(thousands of dollars)

	2002							2001			
					Severance						
	Number of Individuals (1)	Salaries and Honoraria (2)	Benefits and Allowances (3)	Sub-total	Number of Individuals	Amount	Total	Number of Individuals (1)	Salaries, Benefits, Honoraria (2,3)	Severance	Total
Board Compensation											
Chairperson											
Wilkinson, Neil	1	$ 75	-	$ 75	-	-	$ 75	1	$ 76	-	$ 76
Board Members											
Current Members											
Bechtel, Brian (*)	1	2	-	2	-	-	2	-	-	-	-
Bell, Dean	1	11	-	11	-	-	11	1	12	-	12
Bidlock, Peter (**)	1	8	-	8	-	-	8	1	12	-	12
Blumenthal, Leonard	1	18	-	18	-	-	18	1	15	-	15
Burch, Bill	1	11	-	11	-	-	11	1	9	-	9
Butti, Olivia (*)	1	7	-	7	-	-	7	-	-	-	-
Crawford, Ian (*)	1	6	-	6	-	-	6	-	-	-	-
Dinker, Joan (*)	1	4	-	4	-	-	4	-	-	-	-
Hook, David (**)	1	1	-	1	-	-	1	1	2	-	2
Huntley, Andrew (**)	1	4	-	4	-	-	4	1	7	-	7
Kinasewich, Robert (**)	1	4	-	4	-	-	4	1	6	-	6
Kinsella, Wendy (*)	1	5	-	5	-	-	5	-	-	-	-
Mabbott, Linda (**)	1	9	-	9	-	-	9	1	15	-	15
Martel, Dan (**)	1	1	-	1	-	-	1	1	4	-	4
McKay, Sheila (*)	1	-	-	-	-	-	-	-	-	-	-
Mondor, Al (**)	1	3	-	3	-	-	3	1	6	-	6
Plaas, Margaret	1	10	-	10	-	-	10	1	11	-	11
Polowick, Karen M.	1	16	-	16	-	-	16	1	16	-	16
Ramsey, John C.	1	3	-	3	-	-	3	1	-	-	-
Thompson, Barbara (*)	1	3	-	3	-	-	3	-	-	-	-
Warring, Molly (*)	1	8	-	8	-	-	8	-	-	-	-
Young, Leslie (**)	1	3	-	3	-	-	3	1	5	-	5
Total honoraria	23	$ 212	-	$ 212	-	-	$ 212	15	$ 199	-	$ 199

(*) Board Members from October 15, 2001

(**) Term expired October 15, 2001

Schedule 2 (continued)

CAPITAL HEALTH AUTHORITY
CONSOLIDATED SCHEDULE OF SALARIES, HONORARIA, BENEFITS, ALLOWANCESAND SEVERANCE
FOR THE YEAR ENDED MARCH 31, 2002

(thousands of dollars)

	2002							2001			
					Severance						
	Number of Individuals (1)	Salaries and Honoraria (2)	Benefits and Allowances (3)	Sub-total	Number of Individuals	Amount	Total	Number of Individuals (1)	Salaries, Benefits, Honoraria (2,3)	Severance	Total
Staff											
Chief Executive Officer	1.00	$ 407	$ 65	$ 472	-	-	$ 472	1.00	$ 454	-	$ 454
Management persons reporting to the CEO:											
Vice Presidents, Operating Officers and Others											
Chief Clinical Officer	1.00	276	37	313	-	-	313	1.00	330	-	330
Chief Planning Officer	1.00	132	20	152	-	-	152	1.00	138	-	138
Senior Vice President (4)	1.00	264	41	305	-	-	305	1.00	245	-	245
Finance & Administration	1.00	234	31	265	-	-	265	1.00	248	-	248
Human Resources	1.00	174	15	189	-	-	189	1.00	181	-	181
Public Affairs	1.00	157	23	180	-	-	180	1.00	165	-	165
Royal Alexandra Hospital (4)	1.00	192	29	221	-	-	221	1.00	202	-	202
Academic Affairs	0.25	93	6	99	-	-	99	-	-	-	-
University of Alberta Hospital	1.00	192	26	218	-	-	218	1.00	198	-	198
Community Hospitals (4)	1.00	173	27	200	-	-	200	1.00	173	-	173
Government Relations	1.00	86	13	99	-	-	99	1.00	92	-	92
Chief Liaison Officer	1.00	115	14	129	-	-	129	1.00	124	-	124

(4) 2002 amounts reflect adjustments due to changes in responsibilities

Schedule 2 (continued)

CAPITAL HEALTH AUTHORITY
CONSOLIDATED SCHEDULE OF SALARIES, HONORARIA, BENEFITS, ALLOWANCES AND SEVERANCE
FOR THE YEAR ENDED MARCH 31, 2002
(thousands of dollars)

	2002							2001			
					Severance						
	Number of Individuals[1]	Salaries and Honoraria[2]	Benefits and Allowances[3]	Sub-total	Number of Individuals	Amount	Total	Number of Individuals[1]	Salaries, Benefits, Honoraria[2,3]	Severance	Total
Other management person(s) reporting to those above (avg. 2002 $103, avg. 2001 $97) (excluding severance)	94	$ 8,559	$ 1,070	$ 9,629	2	$ 139	$ 9,768	91	$ 8,801	$ 475	$ 9,276
Other management person(s) reporting to those above (avg. 2002 $83, avg. 2001 $70) (excluding severance)	500	36,501	4,741	41,242	7	284	41,526	483	33,710	675	34,385
Medical doctors not included above (avg. 2002 $147, avg. 2001 $123) (excluding severance)	28	3,766	335	4,101	1	175	4,276	25	3,077	-	3,077
Regulated nurses not included above (avg. 2002 $70, avg. 2001 $61) (excluding severance)	4,408	269,198	39,142	308,340	7	139	308,479	4,199	256,400	240	256,640
Other health technical and professionals (avg. 2002 $67, avg. 2001 $62) (excluding severance)	1,895	109,794	17,529	127,323	4	99	127,422	1,806	111,994	83	112,077
Unregulated health service providers (avg. 2002 $33, avg. 2001 $30) (excluding severance)	1,152	33,704	4,617	38,321		-	38,321	1,162	34,460	84	34,544
Other frontline staff (avg. 2002 $41, avg. 2001 $40) (excluding severance)	4,665	165,084	26,663	191,747	21	373	192,120	4,545	183,864	354	184,218
Capital Health Authority Total	12,777.25	$ 629,313	$ 94,444	$ 723,757	42	$ 1,209	$ 724,966	12,338.00	$ 635,055	$ 1,911	$ 636,966
Caritas Health Group Total	2,800.00	$ 134,871	$ 21,710	$ 156,581	13	$ 449	$ 157,030	2,461.00	$ 125,983	$ 20	$ 126,003
Total Capital Health Authority and Caritas Health Group	15,577.25	$ 764,184	$ 116,154	$ 880,338	55	$ 1,658	$ 881,996	14,799.00	$ 761,038	$ 1,931	$ 762,969

Schedule 2 (continued)

SCHEDULE OF SALARIES, HONORARIA, BENEFITS, ALLOWANCES AND SEVERANCE
FOR THE YEAR ENDED MARCH 31, 2002

1. Full time equivalent (FTE) has been determined as follows:

   The average number of individuals is calculated based on a weighted average number of individuals occupying a category or position for the year based on a standard work year of 2,023 hours, except for named individuals.

   Total actual discrete number of individuals employed: 19,893 (2001 19,036)

2. Salaries include regular base pay, overtime, lumpsum payments, honoraria and any other direct cash remuneration including sick leave, short-term disability and vacation.

3. Benefits and allowances include the employers share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, out of country medical benefits, group life insurance, accidental death and dismemberment, long-term disability plans, Canada Pension Plan, unemployment insurance, workers compensation, car benefits and allowances, and tuition.

4. Severance expenses include amounts paid in lieu of notice and certain other severance related costs. Numbers of staff reported under the severance category are the discrete numbers of people receiving severance.

5. The average salary and benefits amounts exclude severance payments.

Schedule 1

CAPITAL HEALTH AUTHORITY
CONSOLIDATED SUMMARY OF REVENUE AND EXPENSE
FOR THE THREE YEAR PERIOD
(thousands of dollars)

	Actual 2002	Actual 2001	Actual 2000 (as restated)
Revenue:			
Alberta Health and Wellness contributions	$1,355,754	$ 1,176,203	$ 1,100,000
Other government contributions	20,187	18,013	12,780
Fees and charges	101,210	91,241	90,668
Ancillary operations, net	3,441	3,581	4,375
Research, education, investment and other income	[illegible]	61,479	51,632
Amortization of external capital contributions	[illegible]	38,613	34,665
	$1,584,548	1,389,130	1,294,120
Expense:			
Facility-based inpatient acute care services	[illegible]	$ 389,159	$ 332,057
Facility-based emergency and outpatient services	[illegible]	115,408	97,313
Facility-based continuing care services	191,507	180,194	174,921
Community and home based services	88,866	76,335	64,183
Diagnostic and therapeutic services	286,323	265,465	234,372
Promotion, prevention and protection services	[illegible]	34,318	32,507
Research and education	65,701	66,221	63,300
Administration	40,046	38,211	36,352
Information technology and alberta we//net	38,293	34,706	22,351
Support services	177,772	167,040	144,728
Year 2000 remedial costs	-	-	7,599
Amortization of facilities and improvements	[illegible]	20,239	19,939
	$1,572,690	1,387,296	1,229,628
Excess of revenue over expense	$ 11,858	$ 1,834	$ 64,492

Pro-forma amounts have not been included as there have been no program transfers or boundary changes from Alberta Health and Wellness affecting the Authority part way during the three year period.

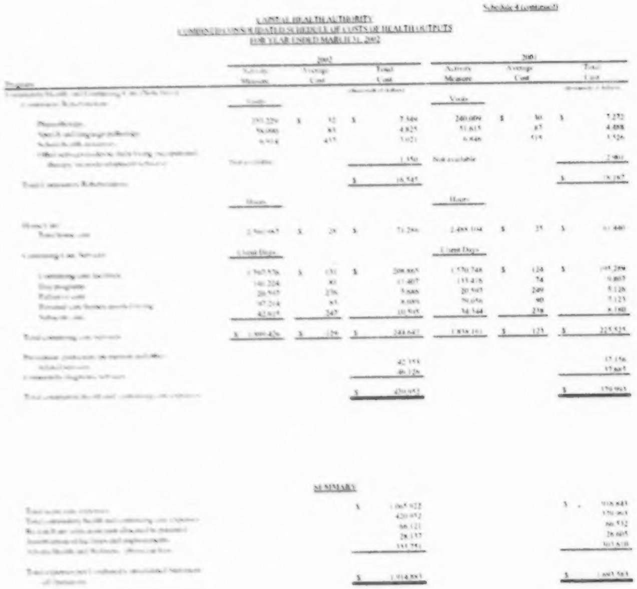
Schedule 3

CAPITAL HEALTH AUTHORITY
COMBINED CONSOLIDATED SCHEDULE OF COSTS OF HEALTH OUTPUTS
FOR YEAR ENDED MARCH 31, 2002

(thousands of dollars)

Programs	2002 Activity Measure	2002 Average Cost	2002 Total Cost	2001 Activity Measure	2001 Average Cost	2001 Total Cost
Acute Care						
Inpatient services (patient specific) (Note 8(i))	Cases			Cases		
Cardiac Sciences	5,361	$ 12,988	$ 69,675	5,328	$ 11,530	$ 61,434
Child Health	9,254	9,757	90,008	9,564	8,745	83,634
Family Health	2,317	9,571	22,177	2,215	7,861	17,412
Geriatrics	1,122	20,466	22,963	1,092	18,058	19,719
Medicine	11,779	9,867	116,188	12,044	8,131	97,924
Mental Health	3,205	9,998	32,043	3,133	8,337	26,120
Neurosciences	3,064	12,551	38,419	2,971	9,889	29,381
Ophthalmology	1,318	1,901	2,506	1,231	1,676	2,063
Rehab/Geriatric	1,017	22,720	23,106	1,101	19,342	21,295
Renal	763	13,266	10,122	811	10,095	8,187
Surgery	21,863	7,430	160,950	21,282	6,300	134,085
Transplants	258	66,198	17,079	208	52,995	11,023
Women's Health	24,788	1,984	49,183	25,108	1,791	44,977
Other	65	2,985	194	88	2,648	233
Subtotal	85,967	$ 7,616	$ 654,701	86,176	$ 6,469	$ 557,487
Leduc Community Hospital, Sturgeon Community Hospital and Northeast Community Health Centre (1)	9,288	$ 2,724	$ 25,300	9,009	$ 2,551	$ 22,979
Total inpatient services	95,255	$ 7,139	$ 680,001	95,185	$ 6,098	580,466
Cost per patient day	Days			Days		
Cost per patient day	692,667	982	680,001	671,394	865	580,466
Outpatient services (Note 8(i))	Visits			Visits		
Emergency	288,457	$ 307	73,744	243,570	$ 234	$ 56,922
Day procedures	74,091	818	60,801	71,848	677	48,643
Clinic visits	1,285,836	127	163,568	1,170,926	123	144,005
Leduc Community Hospital, Sturgeon Community Hospital and Northeast Community Health Centre (1)	226,659	144	31,278	199,825	123	24,625
	Activity Measures as Specified			Activity Measures as Specified		
Home peritoneal dialysis supplies (change days)	80,158	60	5,228	44,381	58	2,559
Pediatric transport (trips)	233	3,532	823	292	2,805	819
Telehealth (participants)	11,839	28	332	7,605	17	282
Total outpatient services			$ 333,699			$ 277,855
Total inpatient and outpatient acute care expenses			$ 1,013,700			$ 858,321
Other acute care expenses (Note 8(i))						
Outpatient drugs			16,742			14,712
Provincial Laboratory			15,993			14,271
Other costs (organ retrieval costs, [illegible] services, etc.)			12,805			21,366
Work in progress (Note 8(i))			6,682			8,173
Total acute care expenses			$ 1,065,922			$ 916,843

(1) Patient-specific costing for the Leduc Community Hospital, Sturgeon Community Hospital and Northeast Community Health Centre was implemented 2001/02. Activity and cost information for these facilities is reported in aggregate for 2001/02 as comparable program-specific information is not available for 2000/01.



Schedule 4 (continued)

CAPITAL HEALTH AUTHORITY
NOTES TO THE COMBINED CONSOLIDATED SCHEDULE OF HEALTH OUTPUTS
MARCH 31, 2002

Note a) Introduction

The Capital Health Authority has prepared Schedule 4 "Combined Consolidated Schedule of Health Outputs" to classify the combined expenses of the Authority and the Caritas Health Group by program and calculate an output unit cost where the expenses can be allocated to patient-specific activities. The information in the schedule was generated by the Authority's costing system from its regional corporate database, in accordance with a methodology that meets the recommendations of Alberta Health and Wellness for patient specific costing. Direct and indirect costs of all clinical services, including staffing, supplies and drugs, are allocated to specific patients based on utilization.

Certain March 31, 2001 figures have been reclassified to conform to the March 31, 2002 presentation.

In the year ended March 31, 2001 the Authority had not fully implemented its costing system at certain sites. Improvements in the year ended March 31, 2002 enabled more detailed reporting of output costs, particularly for the Leduc Community Hospital, Sturgeon Community Hospital and Northeast Community Health Centre.

The Authority plans to continue to expand the utilization of its costing system to be able to provide and allocate additional patient-specific costs in future years.

The information on costs of health outputs has been prepared as described in the following notes.

Note b) Basis of Presentation

(i) Patient Specific Acute Care Expenses

Inpatient services comprise inpatient cases based on separations during the period (discharges and deaths) and are grouped under programs. Programs align to standard service codes provided by the Canadian Institute for Health Information (CIHI) with the exception of Child Health Services (which is based on patient age) and Transplants (which is based on procedures performed).

Supplementary information is provided on the cost per day. Both costs and days are based on the full length of stay of patients who were discharged or died during the fiscal year.

Outpatient services comprise persons who receive one or more services at a healthcare facility without being admitted as an inpatient.

Outpatient services consist of:

- Emergency visits - patients registered as emergency cases.

Note b) Basis of Presentation (continued)

(i) Patient Specific Acute Care Expenses (continued)

- Day procedure visits - patients attending distinct day surgery and day procedure locations.

- Clinic visits - comprise all other outpatient clinic, diagnostic and therapeutic services visits based on the Alberta Health and Wellness ambulatory care visit definition.

- Home peritoneal dialysis supplies reflect supplies consumed in the home and are not associated with specific inpatient or outpatient cases in the costing system.

- Pediatric transport is the pre-hospitalization transport of children by ground or air utilizing a specialized team of medical and nursing staff.

- Telehealth - full costs are associated with comparative output measures on the number of clinical, educational, administrative and other participants at teleconference sessions.

Patient-specific costing for the Leduc Community Hospital, Sturgeon Community Hospital and Northeast Community Health Centre was in the process of implementation in the year ended March 31, 2001. Comparative patient-specific costs will be reported in the 2002/03 year.

Average cost per case visit includes costs that are directly associated with the provision of the services such as staffing, supply and drug as well as indirect and overhead costs but not amortization of the cost of physical facilities.

(ii) Other Acute Care Expenses

Other acute care expenses include the following instances where costs are not associated with an inpatient case or outpatient hospital visit, or where patient-specific costing has not been implemented.

- Outpatient drugs, includes high cost drugs consumed by patients, not associated with a specific inpatient or outpatient case (e.g. post-transplant, HIV), as well as other pharmacy expenses;
- Provincial Laboratory - services not associated with an inpatient or outpatient case such as environmental water testing;
- Other costs include organ retrieval, neuromodulation supplies, external grants for brain injury services, and other non-allocated costs.

Note b) Basis of Presentation (continued)

(iii) Work in Progress

Work in progress reflects the costs of services provided for patients not yet discharged. It includes inpatient case costs incurred in the prior year, to enable reconciliation to financial statements.

(iv) Community Health and Continuing Care - Activity Measures

Community rehabilitation visits reflect the number of contacts for physiotherapy, speech and language pathology, and school health initiative assessments or interventions funded by the Authority's and Caritas Health Group's community rehabilitation programs.

Home care services hours reflect the number of hours of home care service provided by home care agencies, the operators of residences, the Authority's professional staff, and home care service recipients themselves (i.e. self-managed care).

Continuing care client days reflects the number of days of service for continuing care recipients. For continuing care clients in personal care homes and continuing care facilities including sub-acute and palliative care, client days usually represent a 24-hour period. For day programs where clients attend for a number of hours in a day, one client day is counted for each day, regardless of the number of hours of care.

#11

Aspen Regional Health Authority #11

Financial Statements
March 31, 2002

ASPEN REGIONAL HEALTH AUTHORITY #11
FINANCIAL STATEMENTS
MARCH 31, 2002

Statement of Management Responsibility

Statement of Financial Position

Statement of Operations

Statement of Changes in Net Assets

Statement of Cash Flows

Notes to the Financial Statements

Schedule 1 – Schedule of Expenses by Object

Schedule 2 – Schedule of Salaries, Honoraria, Benefits, Allowances and Severance

Schedule 3 – Three Year Summary of Revenue and Expenses

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May 31, 2002

Auditors' Report

To the Members of
Aspen Regional Health Authority #11 and the Minister of Alberta Health

We have audited the statement of financial position of Aspen Regional Health Authority #11 ("the Authority") as at March 31, 2002 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Authority as at March 31, 2002 and the results of its operations and its cash flows for the year then ended in accordance with generally accepted accounting principles.

Further, we have made an examination to determine if the hospital has complied with Financial Directive 19 issued by Alberta Health. Our examination was made in accordance with Canadian generally accepted auditing standards and, accordingly, included such tests and other procedures as we considered necessary in the circumstances. In our opinion, the hospital has, in all material respects, complied with Financial Directive 19.

PricewaterhouseCoopers LLP

Chartered Accountants

PricewaterhouseCoopers refers to the Canadian firm of PricewaterhouseCoopers LLP and other members of the worldwide PricewaterhouseCoopers organization.

ASPEN REGIONAL HEALTH AUTHORITY #11
MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING
FINANCIAL STATEMENTS
MARCH 31, 2002

The accompanying financial statements are the responsibility of management and have been approved by the Authority. The financial statements were prepared in accordance with Canadian Generally Accepted Accounting Principles and the Financial Directives issued by Alberta Health and Wellness, and of necessity include some amounts that are based on estimates and judgements.

To discharge its responsibility for the integrity and objectivity of financial reporting, management maintains a system of internal accounting controls comprising written policies, standards and procedures, a formal authorization structure, and satisfactory processes for reviewing internal controls. This system is designed to provide management with reasonable assurance that transactions are in accordance with governing legislation, are properly authorized, reliable financial records are maintained, and assets are adequately accounted for and safeguarded. The Authority has established a code of ethics and corporate directives, which require communication of the code to employees.

The Authority members carry out their responsibility for the financial statements through the Finance Committee. This Committee meets with management and the external auditor, PricewaterhouseCoopers LLP to discuss and review financial matters, and recommends the financial statements to the Aspen Health Authority Board for approval. The external auditor has full and free access to the Finance Committee.

The external auditor, PricewaterhouseCoopers LLP, provides an independent audit of the financial statements. Their examination is conducted in accordance with Canadian Generally Accepted Auditing Standards and includes tests and other procedures, which allow them to report on the fairness of the financial statements prepared by management.

Chief Executive Officer

Chief Financial Officer

ASPEN REGIONAL HEALTH AUTHORITY #11
STATEMENT OF FINANCIAL POSITION
March 31, 2002
(thousands of dollars)

	2002 Budget	2002 Actual	2001 Actual
ASSETS			
Current			
Cash and temporary investments (Note 3)	8,189	12,296	10,792
Accounts receivable	892	1,053	892
Contributions receivable	0	2,144	1,763
Inventories	540	579	540
Prepaid expenses	506	465	506
	10,127	16,537	14,493
Non-current cash and investments (Note 4)	9,576	10,176	9,576
Capital assets (Note 5)	53,660	55,686	54,205
TOTAL ASSETS	73,363	82,399	78,274
LIABILITIES AND NET ASSETS			
Current			
Accounts payable	4,505	4,840	4,505
Accrued vacation pay	2,962	3,605	2,962
Deferred contributions (Note 6)	0	4,650	2,705
	7,467	13,095	10,172
Deferred capital contributions (Note 7)	0	2,464	1,617
Unamortized external capital contributions (Note 8)	48,214	50,093	48,803
	55,681	65,652	60,592
Net assets			
Unrestricted (Note 9)	5,119	2,355	4,363
Internally restricted (Note 10)	7,117	8,799	7,917
Investment in capital assets	5,446	5,593	5,402
	17,682	16,747	17,682
TOTAL LIABILITIES AND NET ASSETS	73,363	82,399	78,274

The accompanying notes and schedules are part of these financial statements

ASPEN REGIONAL HEALTH AUTHORITY #11
STATEMENT OF OPERATIONS
March 31, 2002
(thousands of dollars)

	2002 Budget (Note 12)	2002 Actual	2001 Actual
Revenue			
Alberta Health and Wellness contributions (Note 13)	65,838	65,801	56,400
Other government contributions (Note 14)	1,814	1,639	1,763
Fees and charges	5,713	6,170	5,595
Ancillary operations, net (Note 15)	76	58	36
Donations	200	321	616
Investment and other income (Note 16)	2,179	2,624	3,606
Amortization of external capital contributions (Note 8)	2,665	2,750	2,588
TOTAL REVENUE	78,485	79,363	70,604
Expenses (Schedule 1)			
Facility-based inpatient acute services	10,931	11,141	9,233
Facility-based emergency and outpatient services	5,305	5,240	3,993
Facility-based continuing care services	13,169	13,067	11,120
Community and home based services	8,217	8,503	6,281
Diagnostic and therapeutic services	12,505	12,568	11,230
Promotion, prevention and protection services	3,715	3,790	3,066
Administration (Note 18)	4,232	4,217	4,105
Information technology and alberta we net (Note 19)	687	937	773
Support services (Note 20)	17,850	18,819	16,467
Amortization of facilities and improvements	1,874	1,945	1,893
TOTAL EXPENSES	78,485	80,227	68,121
Excess (deficiency) of revenue over expense	0	(864)	2,483

ASPEN REGIONAL HEALTH AUTHORITY #11
STATEMENT OF CHANGES IN NET ASSETS
March 31, 2002
(thousands of dollars)

	2002				2001
	Operating				
	Unrestricted (Note 9)	Internally Restricted (Note 10)	Invested in Capital Assets	Total Operating	Total
Excess (deficiency) of revenue over expense	(864)			(864)	2,483
Capital assets purchased with internal funds	(1,114)		1,114	0	0
Amortization on internally funded capital assets	944		(944)	0	0
Boundary realignment (Note 24)	(27)		21	(6)	0
Capital assets purchased with donated funds	(65)			(65)	(74)
Net change	(1,126)	0	191	(935)	2,409
Transfer to internally restricted	(882)	882			
Balance at beginning of year	4,363	7,917	5,402	17,682	15,273
Balance at end of year	2,355	8,799	5,593	16,747	17,682

ASPEN REGIONAL HEALTH AUTHORITY #11
STATEMENT OF CASH FLOWS
March 31, 2002
(thousands of dollars)

	2002		2001
	Budget	Actual	Actual
Cash generated from (used by)			
Operating activities			
Excess of revenue over expense	0	(864)	2,483
Non-cash transactions:			
Amortization of capital equipment:			
- internally funded	732	912	732
- externally funded	795	821	776
Amortization of facilities and improvements:			
- internally funded	24	23	24
- externally funded	1,811	1,931	1,820
Amortization of external capital contributions (Note 8)	(2,606)	(2,759)	(2,597)
Loss on disposal of capital equipment - internally funded	0	9	50
Loss on disposal of capital equipment - externally funded	0	7	1
Gain on disposal of investments	0	(22)	(981)
Net boundary realignment	0	(27)	0
	756	31	2,308
Change in non-cash working capital account	(942)	2,383	634
Cash generated (used) by operations	(186)	2,414	2,942
Investing activities			
Purchase of investments	(11,000)	(18,106)	(12,031)
Purchase of capital assets:			
internally funded - equipment	(800)	(946)	(1,256)
- facilities & improvements	0	(168)	0
externally funded - equipment (Note 8)	(800)	(1,682)	(769)
- facilities & improvements (Note 8)	(1,217)	(1,527)	(2,301)
Proceeds on sale of investments	11,000	17,528	11,741
Cash used by investing activities	(2,817)	(4,901)	(4,616)
Financing activities			
Capital contributions received (Note 7)	400	3,991	2,759
Cash generated by financing activities	400	3,991	2,759
Increase(decrease) in cash and temporary investments	(2,603)	1,504	1,085
Cash and temporary investments, beginning of year	10,792	10,792	9,707
Cash and temporary investments, end of year	8,189	12,296	10,792

ASPEN REGIONAL HEALTH AUTHORITY #11
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2002
(thousands of dollars)

1. **Authority, purpose and operations**

The Aspen Regional Health Authority #11 ("the Authority") was established on June 24, 1994 under the authority of the Regional Health Authorities Act, Chapter R-9.07, and Statutes of Alberta 1994. The Authority is exempt from the payment of income tax and is a registered charity under the Income Tax Act.

The Authority is responsible for delivering appropriate, accessible and affordable health services in Alberta. This responsibility includes operating programs designed to promote, protect, maintain, restore and enhance physical and mental wellbeing.

The Authority's operations include the following facilities and sites:

Athabasca Healthcare Centre
Barrhead Healthcare Centre
Boyle Healthcare Centre
Mayerthorpe Healthcare Centre
Swan Hills Healthcare Centre
Redwater Healthcare Centre
Radway Continuing Care Centre
Westlock Healthcare Centre
Westlock Long Term Care Centre
Whitecourt Healthcare Centre
Aspen Health Services
RHA Central Administration

These financial statements do not include the assets, liabilities and operations of any voluntary or private facilities providing health services in the region. Information on these facilities is disclosed in note 21.

2. **Significant accounting policies and reporting practices**

The financial statements have been prepared in accordance with Canadian Generally Accepted Accounting Principles and the reporting requirements of Financial Directive 19 issued by Alberta Health and Wellness. Following are the significant accounting policies:

(a) Basis of Presentation

These financial statements were prepared using the deferral method, the key elements of which are:

(i) Unrestricted operating grants and other contributions are recognized as revenue in the year receivable.

ASPEN REGIONAL HEALTH AUTHORITY #11
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
MARCH 31, 2002
(thousands of dollars)

2. **Significant accounting policies and reporting practices (continued)**

(a) Basis of Presentation (continued)

(ii) Externally restricted non-capital contributions are recognized as revenue in the year proportional to the related expenses incurred.

(iii) Externally restricted capital contributions are recorded as deferred capital contributions until invested in capital assets. Amounts invested, representing externally funded capital assets, are then transferred to unamortized external capital contributions. Unamortized external capital contributions are recognized as revenue in the period in which the related amortization expense of the funded capital asset is recorded.

(iv) Restricted contributions to purchase capital assets which will not be amortized are recorded as direct increases to net assets.

(v) Unrestricted investment income is recognized in the year earned.

(vi) Investment income subject to external restrictions is, depending on the nature of the restriction, recorded as a direct increase to net assets, or deferred and recognized as revenue in the year the related expenses are incurred.

(vii) Donations and contributions in kind are recorded at fair value when such value can reasonably be determined.

(b) Full cost

The Authority accounts for all costs and revenue related to services for which it is responsible.

The fair value of cost of services is recorded. Fair value transactions as recorded consist of the following:

(i) Revenue earned by contracted health service operators from Ministry of Health and Wellness designated as fees and charges are recorded as fees and charges of the Authority. An equivalent amount is recorded as contracted health service expense of the Authority.

(ii) Alberta Health and Wellness payments directly to contracted health service operators are recorded as revenue and an equivalent amount recorded as program expense as these payments represent part of the cost of the Authority's health programs.

ASPEN REGIONAL HEALTH AUTHORITY #11
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
MARCH 31, 2002
(thousands of dollars)

2. **Significant accounting policies and reporting practices (continued)**

(b) Full cost (continued)

(iii) The fair value for use of non-acute care facilities not owned by the Authority and provided to the Authority at zero rent is recorded as other government contributions and as program expenses.

(iv) Other assets, supplies and service contributions that would otherwise have been purchased are recorded as revenue and expenses, at fair value at the date of contribution, when a fair value can be reasonably determined. The value of volunteers' contributed services is not reported in the financial statements because a fair value cannot be reasonably determined.

(c) Employee Future Benefits

The Authority participates in the Local Authorities Pension Plan. This multi-employer defined benefit pension plan provide pensions for the Authority's participating employees, based on years of service and earnings.

Defined contribution plan accounting is applied to a multi-employer defined benefit plan for which the authority has insufficient information to apply defined benefit plan accounting.

Pension costs in the financial statements comprise the employer's contributions required for its employees during the year, based on rates expected to provide for benefits payable under the pension plan. The Authority does not record its portion of the plan's deficit or surplus.

The Authority fully accrues its obligations for employee non-pension future benefits.

(d) Investments

Short-term investments are recorded at the lower of cost and market.

Non-current investments are recorded at cost unless there has been a permanent reduction in value. At that time, the value is reduced. Any discounts or premiums arising on purchase are amortized on a straight-line basis over the maturity period. Gains or losses on disposal are recognized in the period of disposal.

(e) Financial Instruments

The carrying value of accounts receivable, contributions receivable, accounts payable and accrued liabilities approximates their fair value because of the short-term maturity of these items.

ASPEN REGIONAL HEALTH AUTHORITY #11
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
MARCH 31, 2002
(thousands of dollars)

2. **Significant accounting policies and reporting practices (continued)**

(f) Inventories

Inventories are valued at the lower of cost or net realizable value. Cost is defined using a moving average method.

(g) Capital Assets

Capital assets and construction projects in progress are recorded at cost. Capital assets with unit costs less than $5,000 are expensed.

Capital assets are amortized over their estimated useful lives on a straight-line basis as follows:

	Useful Life
Land improvements	5 - 20 years
Buildings	20 - 40 years
Building service equipment	5 - 20 years
Equipment	3 - 15 years

Construction projects in progress are not amortized until the project is complete.

(h) Measurement Uncertainty

The financial statements by their nature, contain estimates and are subject to measurement uncertainty. The amounts recorded for amortization of capital assets and amortization of external capital contributions are based on estimates of the useful life of related assets. Actual results could differ from these estimates. Also, the Authority is currently included in the Goods and Services (GST) free list of Alberta Government entities and therefore does not record or pay GST on purchased supplies and services. This situation could change in future if the Authority ceases to be part of the GST free list of Alberta Government entities.

3. **Cash and temporary investments**

	2002	2001
Cash	12,256	10,561
Treasury bills	40	231
	12,296	10,792

Treasury bills mature at various dates from July 2002 to September 2002. The effective yield on these securities based on the carrying value at March 31, 2002 is 2.20%.

Cash includes CCITF (Consolidated Cash Investment Trust Fund) funds of $4,502 (2001 - $1,328) to be used for capital upgrading projects.

ASPEN REGIONAL HEALTH AUTHORITY #11
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
MARCH 31, 2002
(thousands of dollars)

4. Non-current cash and investments

	2002	2001
Equities	3,391	3,038
Fixed Income	6,785	6,538
	10,176	9,576

The quoted market value of the non-current cash at March 31, 2002 was $10,607 (2001 - $9,933).

(a) To optimize returns at an acceptable level of risk, management has established a policy on asset mix such that no more than 40% of the portfolio will be in equities. Risk is reduced through diversification within and among asset classes, and quality constraints on fixed-income and equity instruments.

(b) Publicly traded fixed-income instruments are managed to provide optimal returns while maintaining maximum security of capital. Return is optimized within risk constraints by managing portfolio duration and issuer mix.

Fixed-income securities, such as bonds, have an average effective yield of 5.77% per annum based on the market for securities maturing between one and twenty-one years. As at March 31, 2002, the securities have the following term structure based on par:

	%
Under 1 year	0%
1 to 5 years	31%
5 to 10 years	43%
Over 10 years	26%

(c) Equities comprise publicly traded equities. Risk is reduced by prudent security selection and sector rotation.

Non-current cash and investments represent the following:

	2002	2001
Internally restricted for capital acquisitions	8,799	7,917
Unrestricted for non-current investments	1,377	1,659
	10,176	9,576

ASPEN REGIONAL HEALTH AUTHORITY #11
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
MARCH 31, 2002
(thousands of dollars)

5. Capital assets

	2002			2001
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	2,003		2,003	1,837
Land improvements	2,333	1,601	732	437
Buildings	71,923	28,494	43,429	42,830
Building service equipment	3,103	1,617	1,486	1,030
Equipment	17,498	10,750	6,748	5,791
Construction in progress	1,288		1,288	2,280
	98,148	42,462	55,686	54,205

Capital assets have been funded from the following sources:

	2002	2001
Externally funded (unamortized external capital contributions) (Note 8)	50,093	48,803
Internally funded (invested in capital assets)	5,593	5,402
	55,686	54,205

ASPEN REGIONAL HEALTH AUTHORITY #11
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
MARCH 31, 2002
(thousands of dollars)

6. **Deferred contributions**

	2002	2001
Amounts received from:		
Alberta Health and Wellness	1,580	922
Other government		
Alberta Infrastructure	2,428	567
Other	0	1,002
Fees and charges	59	51
Investments (Note 16)	1	0
Other revenue	16	38
Amounts recognized as revenue:		
Alberta Health and Wellness (Note 13)	(192)	(87)
Other government (Note 14)	(723)	(1,128)
Fees and charges	(51)	(60)
Investment and other revenue	(159)	(244)
Funds returned	(40)	(68)
Funds transferred to other health authorities	(558)	(152)
Transfer to deferred capital contributions	(416)	(544)
Change during the year	1,945	297
Balance, beginning of year	2,705	2,408
	4,650	2,705

Unspent amounts at the end of the year are restricted for the following purposes:

	2002	2001
Current:		
Alberta Health and Wellness		
Health Innovation Projects	1,547	1,351
Blood Archival Project	35	35
ICD-10 Implementation	50	0
Children's Health Initiative	26	0
Young Family Wellness	241	0
Specialist On Call	338	0
Healthy Aging Partnership Initiative	208	433
Alberta Infrastructure - Operating Projects	2,150	360
Long-term care fees received in advance	59	51
Hospitalta Funding Foundation	0	459
Other Projects	16	16
	4,650	2,705

ASPEN REGIONAL HEALTH AUTHORITY #11
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
MARCH 31, 2002
(thousands of dollars)

7. **Deferred capital contributions**

The deferred capital contributions balance represents amounts accounted for in accordance with the accounting policy described in note 2a (iii).

	2002	2001
Amounts received:		
Restricted Alberta Health and Wellness contributions	823	1,069
Restricted other government contributions	2,919	1,370
Refund to Alberta Infrastructure	(67)	(30)
Restricted Hospitalta Funding Foundation	316	350
Donations restricted for capital purposes	65	74
	4,056	2,833
Transferred to:		
Unamortized external capital contributions (Note 8)	(3,209)	(3,070)
Change during the year	847	(237)
Balance, beginning of year	1,617	1,854
Balance, end of year	2,464	1,617

Balance at the end of the year is restricted for the following purposes:

	2002	2001
Equipment replacement	247	725
Betterment of capital assets	2,217	892
	2,464	1,617

ASPEN REGIONAL HEALTH AUTHORITY #11
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
MARCH 31, 2002
(thousands of dollars)

8. Unamortized external capital contributions

Unamortized external capital contributions reflect transactions accounted for in accordance with the accounting policy in note 2a (ii). The balance at end of year represents the external capital contribution to be recognized as revenue in future years.

	2002	2001
Balance, beginning of year	48,803	48,330
Transfers from deferred capital contributions (Note 7)	3,209	3,070
Net Boundary Transfers	840	0
Less amounts recognized as revenue:		
Amortization of external capital contributions	(2,750)	(2,588)
Amortization - ancillary operations	(9)	(9)
Balance, end of year	50,093	48,803

9. Unrestricted and internally restricted net assets

The Unrestricted and internally restricted net assets balance can be analyzed as follows

	2002	2001
Unrestricted and internally restricted net assets at regionalization - April 1, 1995	3,038	3,038
Changes since regionalization		
Cumulative operating surplus	11,267	12,131
Invested in capital assets (net of amortization)	(2,864)	(2,694)
Capital assets purchased with donated funds	(260)	(195)
Boundary realignment	(27)	-
Balance	11,154	12,280
Unrestricted	2,355	4,363
Internally restricted	8,799	7,917
	11,154	12,280

ASPEN REGIONAL HEALTH AUTHORITY #11
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
MARCH 31, 2002
(thousands of dollars)

10. Internally restricted net assets

The Authority has internally restricted the following amounts for:

	2002	2001
Future capital expenditures	8,799	7,917
	8,799	7,917

11. Contingencies

The Authority has been named as a defendant in various legal actions. The outcome of these actions cannot be estimated at this time. However, management believes the amount of damages, if any, resulting from these claims would not materially affect the financial position of the Authority. In accordance with standard provincial requirements, the Authority maintains adequate liability insurance coverage. Any costs in excess of the Authority's liability insurance on settlement would be recorded as an expense of the period of settlement.

ASPEN REGIONAL HEALTH AUTHORITY #11
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
MARCH 31, 2002
(thousands of dollars)

12. **Budget**

	Approved Budget (1)	Adjustments (2)	Reported Budget
Revenue			
Alberta Health and Wellness contributions	66,736	(898)	65,838
Other government contributions	1,814		1,814
Fees and charges	5,530	183	5,713
Ancillary operations, net	75	1	76
Donations	200		200
Investment and other revenue	2,167	12	2,179
Amortization of external capital contributions	2,587	78	2,665
	79,109	(624)	78,485
Expenses			
Facility-based inpatient acute care services	11,033	(102)	10,931
Facility-based emergency and outpatient services	5,530	(225)	5,305
Facility-based continuing care services	13,209	(40)	13,169
Community and home-based services	8,162	55	8,217
Diagnostic and therapeutic services	12,544	(39)	12,505
Promotion, prevention and protection services	3,790	(75)	3,715
Administration	4,141	91	4,232
Information technology and Alberta Wellnet, net	749	(62)	687
Support services	18,116	(266)	17,850
Amortization of facilities and improvements	1,835	39	1,874
	79,109	(624)	78,485
Excess (deficiency) of revenue over expense	0	0	0

(1) The budget was approved by the Board of the Authority on November 22, 2001 and approved by the Minister of Health and Wellness.

(2) The budget was adjusted to reflect final boundary adjustments and transfer of Alberta Health and Wellness contributions to deferred capital contributions.

ASPEN REGIONAL HEALTH AUTHORITY #11
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
MARCH 31, 2002
(thousands of dollars)

13. **Alberta Health and Wellness contributions**

	Budget	2002	2001
Unrestricted contributions	65,423	65,297	55,995
Transfers from deferred contributions (Note 6)	103	192	87
Restricted contributions directly from Alberta Health and Wellness to contract operators	312	312	318
	65,838	65,801	56,400

14. **Other government contributions**

	Budget	2002	2001
Fair value of rent less charges for non-acute care facilities used by the Authority	196	194	195
Restricted transfers from deferred contributions (Note 6)	758	723	1,128
Funding for special programs provided by Alberta Mental Health Board	860	722	440
	1,814	1,639	1,763

ASPEN REGIONAL HEALTH AUTHORITY #11
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
MARCH 31, 2002
(thousands of dollars)

15. Ancillary operations

	2002				2001
	Budget	Non-patient Food Service Operations	Rental Operations	Total	Total
Revenue					
Revenue	523	440	78	518	512
Amortization of deferred capital contributions	9	9		9	9
	532	449	78	527	521
Expenses					
Other expenses	444	410	46	456	473
Amortization	12	13		13	12
	456	423	46	469	485
Excess of revenue over direct expenses 2001-02	76	26	32	58	36
Excess (deficiency) of revenue over direct expenses 2000-01	(32)	(45)	81	36	36

16. Investment and other income

	Budget	2002	2001
Other unrestricted investment income	970	897	2,040
Investment income subject to restrictions recognized as revenue (Note 6)	0	(1)	0
Other income	1,209	1,728	1,566
	2,179	2,624	3,606

Investment income comprises interest, dividends, amortization of discount and premiums, and net gains (losses) on disposals of investments.

Other income comprises recoveries from sources external to the Health Authority for salary and supplies, WCB compensation, laundry recoveries and other miscellaneous revenues.

ASPEN REGIONAL HEALTH AUTHORITY #11
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
MARCH 31, 2002
(thousands of dollars)

17. Facility-based continuing care services

Facility-based continuing care services include expenses associated with the Healthy Aging Partnership Initiative of $225 (2001 $250).

18. Administration

	Budget	2002	2001
General administration	2,168	2,163	2,247
Finance	677	664	1,035
Personnel	764	828	300
Administration - contract operators (Note 21 (c))	623	562	523
	4,232	4,217	4,105

19. Information technology and alberta we//net

	Budget	2002	2001
alberta we//net	0	0	57
Information systems support	687	937	716
	687	937	773

20. Support services

	Budget	2002	2001
Building maintenance, operations and security	5,404	5,645	5,304
Education	402	445	252
Housekeeping	1,812	1,873	1,579
Laundry and Linen	881	924	830
Materials management	953	990	887
Patient food services	3,339	3,511	2,921
Patient health records	1,155	992	1,126
Patient registration	743	738	629
Patient transportation	1,404	1,566	1,122
Support services - contract operators (Note 21 (c))	1,757	2,135	1,817
	17,850	18,819	16,467

ASPEN REGIONAL HEALTH AUTHORITY #11
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
MARCH 31, 2002
(thousands of dollars)

21. **Related parties**

(a) Province of Alberta

The Authority is established under the Regional Health Authorities Act. Two-thirds of the members of the Authority are elected. The Minister of Health and Wellness appoints the remaining members. Transactions between the Authority and the Province are disclosed in the statement of operations and notes 6, 7, 12 and 13 to the financial statements.

(b) Health Authorities

The Authority shares a common relationship with other health authorities by way of its relationship with the Province of Alberta. Transactions between the Authority and other health authorities are reported in the Statement of Operations and disclosed in notes 6, 8, 9, 11 and 24 to the financial statements.

(c) Private Health Service Operators

The Authority contracts with private health service operators to provide health services in the Region. The operators and cost of the contracted health services for the year are as follows:

	2002				2001
	Direct Authority Funding	Approved Patient Fees and Charges	Full Cost Adjustments	Total	Total
Extendicare Athabasca	1,664	508	157	2,329	2,137
Extendicare Mayerthorpe	1,787	505	155	2,447	2,140
Guardian Foundation	1,069	520		1,589	1,323
	4,520	1,533	312	6,365	5,600

Reported in the following expense categories:

	2002	2001
Facility-based continuing care services	3,263	2,888
Diagnostic and therapeutic services	405	372
Support Services	2,135	1,817
Administration	562	523
	6,365	5,600

ASPEN REGIONAL HEALTH AUTHORITY #11
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
MARCH 31, 2002
(thousands of dollars)

22. **Pension Costs**

The Authority participates in the Local Authorities Pension Plan which is a multi-employer defined benefit plan. Pension expense in these financial statements is equal to the Authority's annual contributions payable of $1,614 for the year ended March 31, 2002 (2001 - $1,261).

At December 31, 2001, the Local Authorities Pension Plan reported a surplus of $634,960 (2000 $883,823).

23. **Physician Payments**

The cost of physician fees paid by Alberta Health and Wellness for services rendered to the residents of the Aspen region amounted to $34,435 (2001 $26,939). These amounts are not reflected in the financial statements.

24. **Boundary Realignment**

During the year, the Minister of Health and Wellness announced realignment to the boundaries of the Authority, Lakeland Regional Health Authority (LRHA) and Mistahia Regional Health Authority (Mistahia). This resulted in an increase in the geographic size of the region. The operations of the Fox Creek Healthcare Centre were transferred from the Authority to Mistahia. The operations of the Redwater Health Centre, Redwater Health Unit and Radway Health Centre were transferred to the Authority from LRHA. The following assets were transferred at net book value:

From Lakeland Regional Health Authority	
Capital assets	(1,647)
Unamortized external capital contributions	1,605
	(42)
To Mistahia Regional Health Authority	
Capital assets	785
Unamortized external capital contributions	(764)
Unrestricted net assets - donations	(6)
	15
Net boundary transfer	(27)

ASPEN REGIONAL HEALTH AUTHORITY #11
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
MARCH 31, 2002
(thousands of dollars)

25. **Comparative figures**

Certain 2001 figures have been reclassified to conform to the 2002 presentation.

26. **Approval of financial statements**

These financial statements have been approved by the Authority.

Schedule 1

ASPEN REGIONAL HEALTH AUTHORITY #11
SCHEDULE OF EXPENSES BY OBJECT
March 31, 2002
(thousands of dollars)

	Budget	2002	2001
Salaries, benefits, allowances and severance (Schedule 2)	51,472	51,452	42,996
Contracts with health service operators (Note 21 (c))	6,315	6,365	5,600
Drugs, gases, medical and surgical supplies	2,478	2,604	2,327
Other contracted services	2,278	2,278	1,162
Other	12,960	14,348	13,151
Amortization:			
Capital equipment - internally funded	732	912	732
Capital equipment - externally funded	823	821	776
Facilities and improvements - internally funded	24	23	24
Facilities and improvements - externally funded	1,859	1,931	1,820
Net (gain) loss on disposal	0	(38)	18
	78,941	80,696	68,606
Less amounts reported in ancillary operations (Note 15)	(456)	(469)	(485)
	78,485	80,227	68,121

Schedule 2

ASPEN REGIONAL HEALTH AUTHORITY #11
SCHEDULE OF SALARIES, HONORARIA, BENEFITS, ALLOWANCES AND SEVERANCE
MARCH 31, 2002

(thousands of dollars)

	2002				Severance			2001			
	Number of Individuals (1)	Salaries and Honoraria (2)	Benefits and Allowances (3)	Sub-total	Number of Individuals	Amount	Total	Number of Individuals (1)	Salaries, Benefits, Honoraria (2)	Severance	Total
Authority Board Compensation											
RHA Chairperson - Robert Jackson		26		26			26		31		31
RHA Vice Chairperson - Gary Pocock		6		6			6		7		7
Judy Kidd		10		10			10		7		7
Ted Cody		4		4			4		5		5
Maryann Basilie		6		6			6		2		2
Jack Dennett		4		4			4		3		3
Debbie Hagman		5		5			5		4		4
Erma Haan		4		4			4		5		5
Jerry Kautt		4		4			4		4		4
Eileen McGladdery		7		7			7		8		8
Dale Johnson		8		8			8		5		5
Robert Lee		5		5			5		4		4
Total honoraria		89		89			89		85		85
Staff											
Chief Executive Officer	1.0	144	23	167			167	1.0	157		157
Medical Officer(s) or other management person(s) directly reporting to the Chairperson or RHA members (by position)											
Chief of Medical Staff		12		12			12		11		11
Medical Officer of Health	0.5	75		75			75	0.6	85		85
Management person(s) reporting to the CEO											
Area Program Managers	5.1	445	71	516			516	4.1	386	138	524
Chief Financial Officer	1.0	85	14	99			99	1.0	90		90
Other management personnel reporting to those above (avg. 2002 $82,936; avg. 2001 $77,474) (excluding severance)	21.8	1,560	244	1,804			1,804	19.8	1,535		1,535
Other management personnel (avg. 2002 $67,480; avg. 2001 $59,681) (excluding severance)	13.7	795	126	921	1.0	32	953	18.4	1,098	3	1,101
Registered nurses not included above (avg. 2002 $62,884; avg. 2001 $54,663) (excluding severance)	326.5	17,754	2,773	20,527			20,527	308.4	16,859		16,859
Other health technical and professionals (avg. 2002 $64,098; avg. 2001 $61,040) (excluding severance)	139.8	7,737	1,221	8,958			8,958	129.1	7,881		7,881
Unregulated health service providers (avg. 2002 $31,654; avg. 2001 $29,879) (excluding severance)	189.6	5,181	788	5,969			5,969	159.7	4,772		4,772
Other staff (avg. 2002 $34,670; avg. 2001 $32,131) (excluding severance)	314.0	10,617	1,670	12,287			12,287	307.1	9,888		9,888
	1,013.2	44,490	6,930	51,420	1.0	32	51,452	949.2	42,853	141	42,994

SCHEDULE 2 (CONTINUED)

ASPEN REGIONAL HEALTH AUTHORITY #11
SCHEDULE OF SALARIES, HONORARIA, BENEFITS, ALLOWANCES AND SEVERANCES
MARCH 31, 2002

(thousands of dollars)

(1) The average number of individuals is calculated based on a weighted average number of individuals occupying a category or position for the year based on a standard work year. The standard year is 2022.75 for all employees except those who are part of the United Nurses of Alberta employment contract where a year is based on 1,921 hours and employees of Aspen Health Services where a year is based on 1,827 hours.

Total actual discrete number of individuals employed: 2002 – 1,552; 2001 – 1,382.

(2) Salaries include regular base, overtime, lumpsum payments, honoraria and any other direct cash remuneration including sick leave, short-term disability and vacation.

(3) Benefits and allowances include the employer's share of employee benefits and contributions on behalf of employees including pension, health care, dental coverage, out-of-country medical benefits, group life insurance, accidental death and dismemberment, long-term disability plans, Canada Pension Plan, unemployment insurance, workers compensation and car benefits.

(4) Severance includes:

All monies paid directly or on behalf of an employee upon termination which are not included in salaries and benefits.

(5) The total amount is reported in the following schedules:

Note 15 – Ancillary Operations	$276
Schedule 1 – Expenses by Object	$51,452

Schedule 3

ASPEN REGIONAL HEALTH AUTHORITY #11
THREE YEAR SUMMARY OF REVENUE AND EXPENSES

(thousands of dollars)

	Actual			Pro-forma		
	2002	2001	2000	2002	2001	2000
Revenues						
Alberta Health and Wellness contributions	65,801	56,400	53,938	65,801	60,513	57,770
Other government contributions	1,624	1,763	967	1,624	1,851	1,150
Fees and charges	6,170	5,595	5,195	6,170	5,769	5,367
Ancillary operations, net	58	36	(27)	58	32	(37)
Donations	321	616	241	321	604	237
Investment and other income	2,624	3,606	1,868	2,624	3,622	1,893
Amortization of external capital contributions	2,750	2,588	2,956	2,750	2,664	3,045
	79,348	70,604	65,138	79,348	75,055	69,425
Expenses						
Facility-based inpatient acute services	11,141	9,233	8,709	11,141	9,806	9,228
Facility-based emergency and outpatient services	5,240	3,993	3,495	5,240	4,715	4,049
Facility-based continuing care services	13,067	11,120	10,305	13,067	11,899	11,004
Community and home based services	8,503	6,281	5,509	8,503	7,201	6,367
Diagnostic and therapeutic services	12,568	11,230	9,874	12,568	11,698	10,189
Promotion, prevention and protection services	3,790	3,066	2,893	3,790	3,320	3,178
Administration	4,217	4,105	3,931	4,217	4,186	4,049
Information technology and we - net	937	773	421	937	784	435
Y2K remedial costs	-	-	807	-	-	807
Support services	18,804	16,467	13,960	18,804	17,266	14,803
Amortization of facilities and improvements	1,945	1,853	2,236	1,945	1,893	2,264
	80,212	68,121	62,140	80,212	72,768	66,373
Excess(deficiency) of revenue over expense	(864)	2,483	2,998	(864)	2,287	3,052

a) Alberta Health and Wellness transferred responsibility for rural physician oncall payments to the regional health authorities and realigned regional boundaries effective April 1, 2001. In order to disclose the costs of health services provided in the region, transactions incurred by Alberta Health and Wellness and other Health Authorities for the programs transferred have been combined with the transactions of the Authority and reported as pro-forma amounts.

	Revenue			Expenses		
	2002	2001	2000	2002	2001	2000
Actual amounts reported	79,348	70,604	65,138	80,212	68,121	62,140
Program transfers:						
Rural physician oncall payment program		1,092	884		1,092	884
Redwater Radway boundary transfer		4,628	4,563		4,801	4,493
Fox Creek boundary transfer		(1,269)	(1,160)		(1,246)	(1,144)
	79,348	75,055	69,425	80,212	72,768	66,373

#12

Lakeland Regional Health Authority

Financial Statements

March 31, 2002

LAKELAND REGIONAL HEALTH AUTHORITY

FINANCIAL STATEMENTS

MARCH 31, 2002

Statement of Management Responsibility

Auditor's Report

Statement of Financial Position

Statement of Operations

Statement of Changes in Net Assets

Statement of Cash Flows

Notes to the Financial Statements

Schedule 1 - Schedule of Expenses by Object

Schedule 2 - Schedule of Salaries, Honoraria, Benefits, Allowances and Severance

Schedule 3 - Three year Summary of Revenues and Expenses

LAKELAND REGIONAL HEALTH AUTHORITY
STATEMENT OF MANAGEMENT RESPONSIBILITY
FINANCIAL STATEMENTS
MARCH 31, 2002

The accompanying financial statements are the responsibility of management and have been approved by the Authority. The financial statements were prepared in accordance with Canadian Generally Accepted Accounting Principles and the Financial Directives issued by Alberta Health and Wellness, and of necessity include some amounts that are based on estimates and judgements.

To discharge its responsibility for the integrity and objectivity of financial reporting, management maintains a system of internal accounting controls comprising written policies, standards and procedures, a formal authorization structure, and satisfactory processes for reviewing internal controls. This system is designed to provide management with reasonable assurance that transactions are in accordance with governing legislation, are properly authorized, reliable financial records are maintained, and assets are adequately accounted for and safeguarded. The Authority has established a code of ethics and corporate directives, which require communication of the code to employees.

The Authority members carry out their responsibility for the financial statements through the Finance Committee. This Committee meets with management and the external auditor, the Auditor General of Alberta, to discuss and review financial matters, and recommends the financial statements to the Lakeland Regional Health Authority Board for approval. The external auditor has full and free access to the Finance Committee.

The external auditor, the Auditor General of Alberta, provides an independent audit of the financial statements. His examination is conducted in accordance with Canadian Generally Accepted Auditing Standards and includes tests and other procedures, which allows him to report on the fairness of the financial statements prepared by management.

Pearl Babiuk
Chief Executive Officer

CCampton
Celine Campton
Corporate Finance Officer

AUDITOR GENERAL
Alberta

AUDITOR'S REPORT

To the Members Lakeland Regional Health Authority
and the Minister of Health and Wellness

I have audited the statement of financial position of the Lakeland Regional Health Authority ("the Authority") as at March 31, 2002 and the statements of operations, changes in net assets, and cash flows for the year then ended. These financial statements are the responsibility of the Authority's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Authority as at March 31, 2002 and the results of its operations and cash flows for the year then ended in accordance with Canadian Generally Accepted Accounting Principles.

Fred J Dunn FCA
Auditor General

Edmonton, Alberta
May 31, 2002

LAKELAND REGIONAL HEALTH AUTHORITY
STATEMENT OF FINANCIAL POSITION
MARCH 31, 2002
(thousands of dollars)

	2002		2001
	Budget	Actual	Actual
ASSETS			
Current			
Cash (Note 3)	$ 6,977	$ 6,681	$ 9,416
Accounts receivable	900	1,338	890
Contributions receivable	-	1,142	1,445
Inventories	850	772	853
Prepaid expenses	330	582	332
	9,057	10,515	12,936
Non-current cash and investments (Note 4)	5,997	5,188	5,852
Capital assets (Note 5)	61,695	62,174	63,042
	67,692	67,362	68,894
	$ 76,749	$ 77,877	$ 81,830
LIABILITIES AND NET ASSETS			
Current			
Accounts payable	$ 7,100	$ 7,301	$ 7,337
Accrued vacation pay	3,939	4,159	3,699
Deferred contributions (Note 6)	815	2,194	1,382
Current portion of long-term debt (Note 8)	36	36	49
	11,890	13,690	12,467
Deferred capital contributions (Note 7)	1,659	964	1,768
Long-term debt (Note 8)	-	-	36
Unamortized external capital contributions (Note 9)	55,216	56,009	56,563
	56,875	56,973	58,367
Net Assets:			
Unrestricted (Note 10)	1,541	1,085	4,602
Investment in capital assets	6,443	6,129	6,394
	7,984	7,214	10,996
	$ 76,749	$ 77,877	$ 81,830

Commitments (Note 11)
Contingency (Note 24)

The accompanying notes and schedules are part of these financial statements.

LAKELAND REGIONAL HEALTH AUTHORITY
STATEMENT OF OPERATIONS
YEAR ENDED MARCH 31, 2002
(thousands of dollars)

	2002		2001
	Budget (Note 12)	Actual	Actual
Revenues:			
Alberta Health and Wellness contributions (Note 13)	$ 107,581	$ 107,193	$ 102,392
Other government contributions (Note 14)	3,330	3,071	3,590
Fees and charges	10,667	10,782	10,404
Ancillary operations, net (Note 15)	-	8	(4)
Donations	600	252	533
Investment and other income (Note 16)	2,787	2,912	2,393
Amortization of external capital contributions (Note 9)	3,747	3,763	3,984
	128,712	127,981	123,292
Expenses (Schedule 1):			
Facility based inpatient acute services	20,334	20,844	18,611
Facility based emergency and outpatient services	8,209	8,405	6,351
Facility based continuing care services	25,012	25,479	24,381
Community and home based services	11,759	11,751	9,262
Diagnostic and therapeutic services	22,398	22,357	21,106
Promotion, prevention and protection services	6,788	6,841	6,143
Administration (Note 18)	5,535	5,651	5,169
Information technology and well net (Note 19)	2,204	1,424	1,584
Support services (Note 20)	26,633	26,156	25,258
Amortization of facilities and improvements	2,852	2,855	3,252
	131,724	131,763	121,117
Excess (deficiency) of revenues over expenses	$ (3,012)	$ (3,782)	$ 2,175

The accompanying notes and schedules are part of these financial statements.

LAKELAND REGIONAL HEALTH AUTHORITY
STATEMENT OF CHANGES IN NET ASSETS
YEAR ENDED MARCH 31, 2002
(thousands of dollars)

	2002			2001
	Unrestricted	Investment in Capital Assets	Total	Total
Excess (deficiency) of revenues over expenses	$ (3,782)	$ -	$(3,782)	$ 2,175
Capital assets purchased with internal funds	(622)	622	-	-
Internally funded assets acquired in boundary change (Note 26)	(4)	4	-	-
Amortization of internally funded capital assets	899	(899)	-	-
Disposal of internally funded capital assets at net book value(Note 26)	41	(41)	-	-
Repayment of long-term debt used to fund capital assets	(49)	49	-	-
Net change	(3,517)	(265)	(3,782)	2,175
Balance at beginning of year	4,602	6,394	10,996	8,821
Balance at end of year	$ 1,085	$ 6,129	$ 7,214	$10,996

The accompanying notes and schedules are part of these financial statements.

LAKELAND REGIONAL HEALTH AUTHORITY
STATEMENT OF CASH FLOWS
YEAR ENDED MARCH 31, 2002
(thousands of dollars)

	2002		2001
	Budget	Actual	Actual
Cash generated from (used by)			
Operating activities			
Excess (deficiency) of revenues over expenses	$ (3,012)	$ (3,782)	$ 2,175
Non-cash transactions			
Amortization of capital assets - internally funded equipment	775	899	856
Amortization of capital assets - externally funded equipment	895	885	732
Amortization of capital assets - externally funded facilities & improvements	2,852	2,855	3,252
Amortization of external capital contributions (Note 9)	(3,747)	(3,763)	(3,984)
Loss(gain) on disposal of capital assets - externally funded	-	(15)	(29)
Loss(gain) on disposal of capital assets - internally funded	-	-	13
	(2,237)	(2,921)	3,015
Change in non-cash working capital accounts (Note 21)	767	922	257
Cash generated from(used by) operating activities	(1,470)	(1,999)	3,272
Investing activities			
Purchase of capital assets			
Internally funded equipment	(775)	(626)	(2,140)
Externally funded buildings (Note 7)	(1,000)	(1,723)	(860)
Externally funded equipment (Note 7)	(1,800)	(1,855)	(1,789)
Allocations to non-current cash and investments	(145)	664	(4,181)
Capital assets transferred (Note 26)	-	369	-
Proceeds on sale of capital assets	-	79	58
Cash used by investing activities	(3,720)	(3,092)	(8,912)
Financing activities			
Capital contributions received (Note 7)	2,787	2,774	2,746
Capital assets transferred (Note 26)	-	(369)	-
Principal payments on long-term debt	(36)	(49)	(1,290)
Cash generated from financing activities	2,751	2,356	1,456
Increase (decrease) in cash	(2,439)	(2,735)	(4,184)
Cash, beginning of year	9,416	9,416	13,600
Cash, end of year	$ 6,977	$ 6,681	$ 9,416

The accompanying notes and schedules are part of these financial statements.

LAKELAND REGIONAL HEALTH AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2002
(thousands of dollars)

Note 1 Authority, Purpose and Operations

Lakeland Regional Health Authority (the "Authority") was established on June 24, 1994 under the authority of the Regional Health Authorities Act, Chapter R-10, Revised Statutes of Alberta, 2000. The Authority is a registered charity under the Income Tax Act and is exempt from payment of income tax.

The Authority is responsible for the delivery of appropriate, accessible and affordable health services in the region. This responsibility includes operating programs designed to promote, protect, maintain, restore and enhance physical and mental wellbeing.

The operations of the Authority include the following facilities and sites:

Hospital Services
Acute care services are provided at the following facilities:

- Cold Lake Health Centre
- Elk Point Health Centre
- Fort Saskatchewan Health Centre
- George McDougall Health Centre (Smoky Lake)
- St. Therese Health Centre (St. Paul)
- Two Hills Health Centre
- William J. Cadzow Health Centre (Lac La Biche)
- Other voluntary facilities providing acute care services

Community Health Services
Community health services are provided through the community health component of the facilities listed above and at the following dedicated community health centres:

- Myrnam Community Clinic
- Glendon Community Clinic
- Willingdon Community Clinic
- Our Lady's Community Clinic (Vilna)
- Other voluntary facilities providing community health services

Note 1 Authority, Purpose and Operations (continued)

Continuing Care (Long-Term Care)
Continuing care services are provided at the following facilities; Elk Point Health Centre, George McDougall Health Centre, Cold Lake Health Centre, St. Therese Health Centre, Two Hills Health Centre, William J. Cadzow Health Centre and at the following dedicated continuing care centres:

- Mannville Health Centre
- Vegreville Long-Term Care Centre
- Other voluntary and private continuing care centres

Public Health
Public Health services are provided at the following health units:

- Andrew Health Unit (branch office)
- Bonnyville Health Unit
- Elizabeth Metis Settlement Health Unit (branch office)
- Elk Point Health Unit
- Fishing Lake Metis Settlement Health Unit (branch office)
- Fort Saskatchewan Health Unit
- Glendon Health Unit (branch office)
- Grand Centre Health Unit
- Lac La Biche Health Unit
- Lamont Health Unit
- Smoky Lake Health Unit
- St. Paul Health Unit
- Two Hills Health Unit
- Vegreville Health Unit
- Vilna Health Unit (branch office)
- Buffalo Lake Metis Settlement Health Unit (branch office)
- Kikino Metis Settlement Health Unit (branch office
- Mannville Health Unit
- Other community organizations

These financial statements do not include the assets, liabilities, and operations of voluntary or private facilities providing health care services in the region. Information on these facilities is disclosed in Note 22(c).

Note 2 Significant Accounting Policies and Reporting Practices

These financial statements have been prepared in accordance with Canadian Generally Accepted Accounting Principles and the reporting requirements of Financial Directive 19 issued by Alberta Health and Wellness. Following are the significant accounting policies:

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(a) Revenue Recognition

These financial statements have been prepared using the deferral method, the key elements of which are:

i. Unrestricted operating grants and other contributions are recognized as revenue in the year they become receivable.

ii. Externally restricted non-capital contributions are recognized as revenue in the year when the related expenses are incurred.

iii. Externally restricted capital contributions are recorded as deferred capital contributions until they are invested in capital assets. Amounts invested representing externally funded capital assets are then transferred to unamortized external capital contributions. Unamortized external capital contributions are recognized as revenue in the periods in which the related amortization expense of the funded capital asset is recorded.

iv. Restricted contributions for the purchase of capital assets which will not be amortized are recorded as direct increases to net assets.

v. Unrestricted investment income is recognized in the year it is earned.

vi. Investment income subject to external restrictions is, depending on the nature of the restrictions, recorded as a direct increase to net assets, or is deferred and recognized as revenue in the year the related expenses are incurred.

vii. Donations and contributions in kind are recorded at fair value when such value can reasonably be determined.

(b) Full Cost

The Authority accounts for all costs and revenues related to services carried out for which it is responsible.

The fair value of costs of services is recorded. Fair value transactions as recorded consist of the following:

i. Revenues earned by contracted health service operators from Ministry of Health and Wellness designated fees and charges are recorded as fees and charges of the Authority. An equivalent amount is recorded as contracted health service operator expense of the Authority.

ii. Alberta Health and Wellness payments directly to contracted health service operators for health programs are recorded as revenue and an equivalent amount recorded as program expenses as these payments represent part of the cost of the Authority's health programs.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(b) Full Cost (continued)

iii. The fair value for use of acute care facilities not owned by the Authority is recorded as revenue from other government contributions or from donations, and also recorded as program expense, since contract payments from the Authority do not include an amount for the use of these facilities.

iv. The fair value for use of non-acute care facilities not owned by the Authority and provided to the Authority at zero or nominal rent is recorded as other government contributions and as program expenses.

v. Other assets, supplies and service contributions that would otherwise have been purchased are recorded as revenues and expenses, at fair value at the date of contribution, when a fair value can be reasonably determined. Volunteers contribute a significant amount of time each year to assist the Authority in carrying out its programs and services. However, contributed services of volunteers are not recognized as revenue and expense in the financial statements because fair value cannot be reasonably determined.

(c) Employee Future Benefits

The Authority participates in the Local Authorities Pension Plan. This is a multi-employer defined benefit pension plan that provides pensions for the Authority's participating employees, based on years of service and earnings.

Defined contribution plan accounting is applied to a multi-employer defined benefit plan for which the Authority has insufficient information to apply defined benefit plan accounting.

Pension costs included in these financial statements comprise the amount of employer contributions required for its employees during the year, based on rates which are expected to provide for benefits payable under the pension plan. The Authority's portion of the pension plan's deficit or surplus is not recorded by the Authority.

The Authority fully accrues its obligations for employee non-pension future benefits.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(d) Investments

Short-term investments are recorded at lower of cost and market.

Non-current investments are recorded at cost unless there has been a reduction in value that is other than temporary. At that time, the value is reduced. Any discounts or premiums arising on purchase are amortized on a straight-line basis over the period of maturity. The cost of disposal is determined on the average cost basis. Gains or losses on disposal are recognized in the period of disposal.

(e) Financial Instruments

The carrying value of cash, accounts receivable, contributions receivable and accounts payable approximates their fair value because of the short-term maturity of these items.

The carrying value of long-term debt and obligations under capital leases approximates their fair value because the interest rates approximate market value.

(f) Inventories

Inventories are valued at the lower of cost (defined as moving average) and replacement cost.

(g) Capital Assets

Capital assets and construction projects in progress are recorded at cost. Capital assets costing less than $5 are expensed.

Capital assets are amortized over their estimated useful lives on a straight-line basis as follows:

	Useful Life
Land improvements	10-20 years
Buildings	20-40 years
Building service systems	10-20 years
Furniture and equipment	5-20 years
Equipment under capital leases	5 years
Vehicles	5 years
Leasehold improvements	lease term plus one renewal period

Construction projects in progress are not amortized until the project is complete.

Leases transferring substantially all of the benefits and risks of ownership of capital assets to the Authority are accounted for as acquisitions of capital assets financed by long-term obligations.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(h) Restructuring Costs

Restructuring costs are charged to expenses in the period the decision to restructure is made. If the actual costs are not known at the time of the decision, then an estimate is recorded.

(i) Trust Funds Received by the Authority for Non-owned Facilities

The Authority receives trust funds from Alberta Infrastructure that are to be paid to operators of non-owned facilities for capital purposes or facility repairs. These amounts are not reflected in these financial statements but are disclosed in Note 25.

(j) Measurement Uncertainty

The financial statements by their nature contain estimates and are subject to measurement uncertainty. The amounts recorded for amortization of capital assets and amortization of external capital contributions are based on estimates of the useful life of related assets. Actual results could differ from these estimates. Also, the Authority is currently included in the Goods and Services (GST) free list of Alberta Government entities and therefore does not record or pay GST on purchased supplies and services. This situation could change in the future if the Authority ceases to be part of the GST free list of the Alberta Government.

Note 3 Cash

	2002	2001
	(thousands of dollars)	
Cash and investments	$ 11,869	$ 15,268
Less non-current cash and investments	(5,188)	(5,852)
Current cash	$ 6,681	$ 9,416

Note 4 Non-Current Cash and Investments

	2002	2001
	(thousands of dollars)	
Cash	$ 964	$ 1,768
Money market securities	29	42
Bonds (current market value - $1,294)	1,269	1,093
Equities (current market value - $639)	801	887
Guaranteed investment certificates	2,125	2,062
Non-current cash and investments	$ 5,188	$ 5,852

i. Income and financial returns are exposed to credit and price risks. Credit risk relates to the possibility that a loss may occur when another party fails to perform according to terms of the contract. Price risk comprises interest rate risk and market risk. Interest rate risk relates to the possibility that investments will change in value with future fluctuations in market interest rates. Market risk relates to the possibility that investments will change in value due to fluctuations in market prices.

To earn optimal financial returns at an acceptable level of risk, management has established a policy asset mix of 60% to 100% of fixed-income instruments and 0% to 40% equities. Risk is reduced through asset class diversification, diversification within each asset class and quality constraints on fixed-income and equity instruments.

ii. Publicly traded fixed-income instruments are managed with the objective of providing optimal returns while maintaining maximum security of capital. Return is optimized within risk constraints on the portfolio by management of portfolio duration and issuer mix.

Fixed-income securities, such as bonds and guaranteed investment certificates, have an average effective yield of 5.91% per annum based on the market for securities maturing between 1 and 3 years. As at March 31, 2002, the securities have a 1 to 3 year term structure.

iii. Equities are comprised of publicly traded equities. Risk is reduced by prudent security selection and sector rotation.

iv. The carrying value of these securities has not been written down to market value because management has concluded, based on review of market information for the securities, that there is no obvious indication of material impairment that is other than temporary.

Note 4 Non-Current Cash and Investments (continued)
Non-current cash and investments represent the following:

	2002	2001
	(thousands of dollars)	
Externally restricted for capital acquisitions	$ 964	$ 1,768
Non-current investments	4,224	4,084
Non-current cash and investments	$ 5,188	$ 5,852

Note 5 Capital Assets

	2002			2001
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
		(thousands of dollars)		
Land	$ 596	$ -	$ 596	$ 597
Land improvements	1,771	1,108	663	665
Buildings	98,063	50,558	47,505	50,104
Building service systems	9,448	8,205	1,243	1,717
Furniture and equipment	26,185	18,846	7,339	7,315
Equipment under capital leases	224	168	56	95
Vehicles	744	524	220	283
Leasehold improvements	455	109	346	155
Construction in progress	4,206	-	4,206	2,111
	$ 141,692	$ 79,518	$ 62,174	$ 63,042

Capital assets have been funded from the following sources:

	2002	2001
	(thousands of dollars)	
Externally funded (unamortized external capital contributions)	$ 56,009	$ 56,563
Long-term debt	36	85
Internally funded (invested in capital assets)	6,129	6,394
	$ 62,174	$ 63,042

Note 6 Deferred Contributions

	2002	2001
	(thousands of dollars)	
Amounts received:		
Alberta Health and Wellness - ICD 10	$ 104	$ -
Alberta Health and Wellness -Young Family Planning	335	-
Alberta Health and Wellness -Health Innovation Fund	283	279
Alberta Health and Wellness - Archival Blood Review	-	70
Other government contributions - Alberta Infrastructure	1,261	1,353
Other government contributions - Other	9	83
Donations	153	102
Investment income and other income	30	27
	2,175	1,914
Amounts refunded to source and adjusted by boundary changes	(114)	(89)
Amounts transferred (to) from deferred capital contributions (Note 7)	117	(37)
	3	(126)
Amounts recognized as revenue:		
Alberta Health and Wellness contributions -ICD 10 (Note 13)	(87)	-
Alberta Health and Wellness -Health Innovation Fund (Note 13)	(427)	(335)
Alberta Health and Wellness -Information System Upgrades (Note 13)	(5)	(37)
Alberta Health and Wellness -Healthy Aging (Note 13)	(18)	(979)
Other Government Contributions - Alberta Infrastructure (Note 14)	(660)	(1,353)
Other Government Contributions -Other (Note 14)	(44)	(88)
Donations	(125)	(78)
Investment and other revenue	-	(11)
	(1,366)	(2,881)
Change during the year	812	(1,093)
Balance, beginning of year	1,382	2,475
	$2,194	$1,382
Unspent amounts at year end are restricted for the following purposes:		
Alberta Health and Wellness -Healthy Aging	$ -	$ 18
Alberta Health and Wellness -Health Innovation Fund	377	521
Alberta Health and Wellness -Information System Upgrades	634	609
Alberta Health and Wellness -Archival Blood Review	70	70
Alberta Health and Wellness - ICD 10	17	-
Alberta Health and Wellness - Young Family Planning	335	-
Alberta Infrastructure - Upgrades	689	-
Primary Care Program	-	8
Other	72	156
	$2,194	$1,382

Note 7 Deferred Capital Contributions

	2002	2001
	(thousands of dollars)	
Amounts received:		
Alberta Health and Wellness contributions - Capital equipment	$ 1,302	$ 1,534
Other government contributions	1,418	551
Telehealth	55	585
Donations	134	16
Investments and other revenue	-	23
Transferred from (to) deferred contributions (Note 6)	(117)	37
	2,792	2,746
Investments and other revenue	(18)	-
Net Capital contributions received	2,774	2,746
Transferred to:		
Unamortized external capital contributions - Other (Note 9)	(3,578)	(2,649)
Change during the year	(804)	97
Balance, beginning of year	1,768	1,671
	$ 964	$ 1,768
Balance at year end is restricted for the following purposes:		
Alberta Health and Wellness - Federal funds capital equipment	$ 413	$ 769
Alberta Health and Wellness - Lottery capital equipment	36	54
Telehealth -capital equipment	-	28
Alberta Infrastructure -Capital Upgrades	489	883
Other	26	34
	$ 964	$ 1,768

Note 8 Long-term Debt

	2002	2001
	(thousands of dollars)	
Obligations under capital leases	$ 36	$ 85
	36	85
Less current portion	(36)	(49)
Long-term portion	$ -	$ 36

	Capital Leases
Future principal payments for the year ending March 31, 2003	$ 36

The capital leases expire on various dates in the fiscal year 2002-2003. The implicit interest rates payable on these leases range from 9% to 13%.

Note 9 Unamortized External Capital Contributions

Unamortized external capital contributions reflect transactions accounted for in accordance with the accounting policy described in Note 2 (a)(iii). The balance at the end of year represents the external capital contributions that will be recognized as revenue in future years.

	2002	2001
	(thousands of dollars)	
Balance at beginning of year	$ 56,563	$ 57,898
Add amounts transferred from deferred capital contributions (Note 7)	3,578	2,649
	60,141	60,547
Less amounts transferred in boundary changes (Note 26)	(369)	-
Less amounts recognized as revenue		
Disposal of externally funded equipment	(23)	-
Amortization of External capital contributions	(3,737)	(3,981)
Amortization -Ancillary operations	(3)	(3)
	$ 56,009	$ 56,563

Note 10 Unrestricted Net Assets

The balance of unrestricted net assets can be analyzed as follows:

	2002	2001
	(thousands of dollars)	
Unrestricted and internally restricted net assets at Regionalization - April 1, 1995	$ 3,194	$ 3,194
Changes since regionalization:		
Cumulative operating surplus	1,598	5,380
Invested in capital assets (net of amortization)	(1,521)	(1,835)
Repayment of long-term debt	(2,186)	(2,137)
Balance at end of year	$ 1,085	$ 4,602

Note 11 Commitments

The Authority is committed to several operating lease contracts. Future minimum lease payments are as follows:

	(thousands of dollars)
2003	$ 669
2004	622
2005	617
2006	39
2007	25
2008 and thereafter	25

In addition, the Authority contracts on an ongoing basis with voluntary, privates and community health operators to provide acute, continuing care and other health services in the Region (Note 22(c)). The Authority has contracted for services in the year ended March 31, 2003 similar to those provided by these operators in 2002.

Note 12 Budget

	Approved Budget (1)	Adjustments (2)	Reported Budget
	(thousands of dollars)		
Revenues			
Alberta Health and Wellness contributions (Note 13)	$ 106,303	$ 1,278	$ 107,581
Other government contributions (Note 14)	3,716	(386)	3,330
Fees and charges	10,667	-	10,667
Donations	600	-	600
Investment and other income (Note 16)	2,187	600	2,787
Amortization of external capital contributions	4,147	(400)	3,747
	127,620	1,092	128,712
Expenses:			
Facility based inpatient acute services	20,070	264	20,334
Facility based emergency and outpatient services	7,224	985	8,209
Facility based continuing care services	25,422	(410)	25,012
Community and home based services	11,056	703	11,759
Diagnositic and therapeutic services	21,948	450	22,398
Promotion, prevention and protection services	6,688	100	6,788
Education	684	(684)	-
Administration (Note 18)	5,535	-	5,535
Information technology and we//net (Note 19)	2,204	-	2,204
Support services (Note 20)	26,549	84	26,633
Amortization of facilities and improvements	3,252	(400)	2,852
	130,632	1,092	131,724
Excess (deficiency) of revenues over expenses	$ (3,012)	$ -	$ (3,012)

1) The Budget was approved by the Board of the Authority on December 13, 2001 and approved by the Minister of Health and Wellness on December 18, 2001. The approved budget reflects the reduction in funding announced by the Minister of Health and Wellness on October 18, 2001 and the effects of the boundary changes.

2) Adjustments arising from Board re-allocations for the recognition of deferred revenues and redistribution of funds between programs to match reallocations.

Note 13 Alberta Health and Wellness Contributions

	Budget	2002	2001
		(thousands of dollars)	
Unrestricted contributions	$ 104,392	$ 103,728	$ 99,592
Transferred from deferred contributions (Note 6)	1,004	537	1,351
Other restricted contributions	1,588	2,337	846
Restricted contributions made directly by Alberta Health and Wellness to contracted health service operators (Note 22)	597	591	603
	$ 107,581	$ 107,193	$ 102,392

Note 14 Other Government Contributions

	Budget	2002	2001
		(thousands of dollars)	
Fair value of rent less rent charges for non-acute care facilities used by the Authority	$ 349	$ 429	$ 351
Fair value for use of non-owned acute care facilities	1,234	1,234	1,234
Transferred from deferred contributions (Note 6):			
Alberta Infrastructure	1,015	660	1,353
Other	-	44	88
Other government contributions	732	704	564
	$ 3,330	$ 3,071	$ 3,590

Note 15 Ancillary Operations

	2002				2001
	Non-patient Food Service Operations	Rental Operations	Total	Budget	Total
	(thousands of dollars)				
Revenues	$ 398	$ 60	$ 458	$ 450	$ 458
Expenses:					
Other expenses	398	49	447	447	459
Amortization	-	3	3	3	3
	398	52	450	450	462
Excess (deficiency) of revenues over expenses 2001-2002	-	$ 8	$ 8	$ -	$ (4)
Excess (deficiency) of revenues over expenses 2000-2001	$ -	$ (4)	$ (4)	$ -	$ (4)

Note 16 Investment and Other Income

	Budget	2002	2001
	(thousands of dollars)		
Investment income	$ 885	$ 595	$ 915
Less: Subject to restrictions and transferred to deferred contributions (Notes 6 & 7)	-	(30)	(45)
Unrestricted investment income	885	565	870
Investment income subject to restrictions recognized as revenue (Notes 6 & 7)	-	18	14
Other income	1,902	2,329	1,509
	$ 2,787	$ 2,912	$ 2,393

Investment income comprises interest, dividends, amortization of discount and premiums and net gains on disposal of investments.

Other income comprises of external recoveries for supply and salary costs and other miscellaneous revenues.

Note 17 Facility-Based Continuing Care Services

Facility based continuing care services include expenses associated with the Healthy Aging Partnership Initiative ("HAPI") of $18 (2001 $979).

Note 18 Administration

	Budget	2002	2001
	(thousands of dollars)		
General administration	$ 2,704	$ 2,768	$ 2,605
Finance	604	636	558
Personnel	1,266	1,280	1,103
Administration - contract operators (Note 22(c)	961	967	903
	$ 5,535	$ 5,651	$ 5,169

Note 19 Information Technology and Alberta we//net

	Budget	2002	2001
	(thousands of dollars)		
Alberta we//net	$ 600	$ -	$ 114
Information systems support	1,571	1,391	1,424
Information systems support - contract services (Note 22c))	33	33	46
	$ 2,204	$ 1,424	$ 1,584

Alberta we//net is the province-wide strategic initiative to build a health information network. The initiative brings together a broad spectrum of health professionals into multi-disciplinary teams to put information technology to work to improve health service delivery to all Albertans.

The Authority's contribution has been applied towards activities that will produce clinical and administrative deliverables or to develop applications to support we//net initiatives.

Note 20 Support Services

	Budget	2002	2001
	(thousands of dollars)		
Building maintenance, operations and security*	$ 6,082	$ 5,381	$ 6,004
Communications	888	768	828
Education	379	461	415
Housekeeping	2,170	2,245	2,047
Laundry and linen	1,113	1,025	967
Materials management and central sterilizing	1,093	1,148	994
Patient food services	3,446	3,537	3,238
Patient health records	1,557	1,499	1,254
Patient registration	1,241	1,281	1,151
Patient transportation	2,193	2,183	2,229
Support services - contract operators (Note 22(c))	6,471	6,628	6,131
	$ 26,633	$ 26,156	$ 25,258

*Building maintenance, operations and security is inclusive of utility costs and rebates.

Note 21 Change in Non-Cash Working Capital Accounts

	2002	2001
	(thousands of dollars)	
Accounts receivable	$ (448)	$ (253)
Contributions receivable	303	(384)
Inventories	81	4
Prepaid expenses	(250)	5
Accounts payable	(36)	1,476
Accrued vacation pay	460	502
Deferred contributions	812	(1,093)
	$ 922	$ 257

Note 22 Related Parties

(a) Province of Alberta

The Authority is established under the Regional Health Authorities Act. Two-thirds of the members of the Authority are elected. The Minister of Health and Wellness appoints the remaining members. Transactions between the Authority and the Province are disclosed in the statement of operations and in Notes 6, 7, 13 and 14 to the financial statements.

(b) Health Authorities

The Authority shares a common relationship with other health authorities by way of its relationship with the Province of Alberta. Transactions between the Authority and other health authorities are reported in the Statement of Operations and disclosed in note 26 to the financial statements.

(c) Voluntary and Private Health Service Operators

The Authority has an economic interest in the following voluntary and private health providers as it transfers significant resources to these entities. The Authority contracts with voluntary and private health service operators to provide health services in the Region. The health service operators and the amount of contracted health services for the year are as follows:

Note 22 Related Parties (continued)

(c) Voluntary and Private Health Service Operators (continued)

	Operating Fund				2002	2001
	Direct Funding by the Authority	Approved Patient Resident Fees and Charges	Direct Funding by Alberta Health	Full Cost Adjustments	Total	Total
	(thousands of dollars)					
Voluntary facilities:						
Bonnyville Health Care Centre	$ 6,721	$ 662	$ -	$ 531	$ 7,914	$ 7,308
Lamont Health Care Centre	6,797	1,162	-	518	8,477	8,123
Mary Immaculate Hospital - Mundare	1,406	378	-	-	1,784	1,701
St. Joseph Hospital - Vegreville	5,914	176	-	185	6,275	5,979
Private facilities:						
Bonnyville Extendicare	1,440	517	172	-	2,129	1,941
Rivercrest Care Centre - Fort Saskatchewan	2,949	856	251	-	4,056	3,667
St. Paul Extendicare	2,873	758	168	-	3,799	3,454
Heritage House - Vegreville	1,001	603	-	-	1,604	1,286
	$ 29,101	$ 5,112	$ 591	$ 1,234	$ 36,038	$ 33,459

Reported in the following expense categories:	2002	2001
Facility based inpatient acute services	$ 5,822	$ 4,987
Facility based emergency and outpatient services	2,465	2,834
Facility based continuing care services	14,404	14,492
Community and home based services	1,654	-
Diagnostic and therapeutic services	4,065	4,066
Administration	967	903
Information technology and we//net	33	46
Support services	6,628	6,131
	$ 36,038	$ 33,459

(d) Foundations

The Authority significantly influences the St. Paul & District Hospital Foundation (the "Foundation") by virtue of representation on the Board of Directors. The Foundation is not consolidated in these financial statements. The Foundation exists for the purpose of raising funds to be used to benefit the St. Therese Health Centre (the "Centre").

During the year, the Foundation donated $37 (2001 $4) to the Centre. The Foundation currently holds resources in the amount of $85 (2001 $82) for the benefit of the Centre.

Note 23 Pension Costs

The Authority participates in the Local Authorities Pension Plan which is a multi-employer defined benefit plan. The pension expense recorded in these financial statements is equal to the Authority's annual contributions payable of $2,013 for the year ended March 31, 2002 (2001 $1,791).

At December 31, 2001, the Local Authorities Pension Plan reported a surplus of $634,960 (2000 $883,823).

Note 24 Contingency

The Authority has been named as a defendant in an arbitration case involving a private health service operator. The request for arbitration alleges that additional funding is due from the Authority. In the opinion of management, the claim is without merit and the likelihood of any liability is not determinable at this time. In the event of a settlement any costs will be charged against the operations in the year of the settlement.

Note 25 Trust Funds

The Authority receives funds in trust from Alberta Infrastructure for non-owned facilities for capital purposes and facility repairs. These amounts are not reported in these financial statements.

During the year, the Authority received $1,457 (2001 $403) and disbursed $841 (2001 $572) for capital and facility repairs for non-owned facilities. The balance of funds held by the Authority is $760 (2001 $144).

Note 26 Boundary Realignment

During the year, the Minister of Health and Wellness announced a realignment of the boundaries of the Lakeland Regional Health Authority, Aspen Regional Health Authority and East Central Regional Health Authority. This resulted in a decrease in the geographic size of the region. The operations of the Redwater Health Centre, Radway Health Centre and Redwater Health Unit were transferred to Aspen Regional Health Authority from the Lakeland Regional Health Authority. The operation of the Mannville Health Centre and related community services were transferred from East Central Regional Health Authority to Lakeland Regional Health Authority. The following assets were transferred at net book value:

	2002			2001
	Transfer to Aspen Regional Health Authority	Transfer from East Central Regional Health Authority	Net Book Value of Transfers	Net Book Value
	(thousands of dollars)			
Land	$ (6)	$ 5	$ (1)	$ 597
Land improvements	(3)	59	56	665
Buildings	(1,103)	1,070	(33)	50,104
Building service systems	(359)	-	(359)	1,717
Furniture and equipment	(108)	35	(73)	7,315
Vehicles	-	4	4	283
	$ (1,579)	$ 1,173	$ (406)	$ 60,681

The net results of this transfer were:	
Purchase of internally funded capital assets	$ 4
Proceeds on disposal of internally funded capital assets	(41)
Reduction in unamortized external capital contributions (Note 9)	(369)
	$ (406)

Note 27 Physician Payments

The cost of physician fees paid by Alberta Health and Wellness for services rendered to the residents of Lakeland Regional Health Authority amounted to $35,628 (2001 $ 37,296). These amounts are not reflected in the financial statements.

Note 28 Comparative Figures

Certain 2001 figures have been reclassified to conform to the 2002 presentation.

Note 29 Approval of Financial Statements

These financial statements have been approved by the Authority.

Schedule 1

LAKELAND REGIONAL HEALTH AUTHORITY

SCHEDULE OF EXPENSES BY OBJECT

YEAR ENDED MARCH 31, 2002
(thousands of dollars)

	2002		2001
	Budget	Actual	Actual
Salaries, honoraria, benefits, allowances and severance (Schedule 2)	$ 65,523	$ 66,218	$ 59,087
Contracts with health service operators (Note 22(c))	35,851	36,038	33,459
Drugs, gases, medical and surgical supplies	2,947	3,289	2,962
Consulting services	4,501	4,518	1,995
Interest on long-term debt	8	8	22
Other	18,473	17,071	18,861
Amortization:			
Capital equipment - internally funded	775	899	856
Capital equipment - externally funded	895	885	732
Facilities and improvements	2,852	2,858	3,255
Fair value of facilities provided by Province at zero cost	349	429	350
	132,174	132,213	121,579
Less amounts reported in ancillary operations (Note 15)	(450)	(450)	(462)
	$ 131,724	$ 131,763	$ 121,117

Schedule 2

LAKELAND REGIONAL HEALTH AUTHORITY

SCHEDULE OF SALARIES, HONORARIA, BENEFITS, ALLOWANCES AND SEVERANCE

YEAR ENDED MARCH 31, 2002

(thousands of dollars)

		2002				2002 Severance		2002	2001		
		Number of Individuals (1)	Salaries and Honoraria (2)	Benefits and Allowances (3)	Sub-total	Number of Individuals	Amount	Total	Number of Individuals (1)	Salaries, Benefits & Honoraria (2, 3)	Severence
Authority/Board Compensation											
RHA Chairperson	Orest Olineck	1.00	$ 4	-	$ 4	-	-	$ 4	1.00	$ 15	-
	Ernie Isley	1.00	$ 10	-	10	-	-	10	-	-	-
	Bob Cable (Trustee)	-	-	-	-	-	-	-	1.00	(23)	-
Members											
Orest Olineck			5	-	5	-	-	5			
Ernie Isley			4	-	4	-	-	4	1.00	7	-
Floyd Thompson		1.00	15	-	15	-	-	15	1.00	10	-
John Dennett		1.00	2	-	2	-	-	2	1.00	5	-
Margaret Wade		1.00	8	-	8	-	-	8	1.00	5	-
Ellen McGladdery		1.00	3	-	3	-	-	3	1.00	6	-
Raymond Coates		1.00	9	-	9	-	-	9	1.00	7	-
John Pilipchuk		1.00	10	-	10	-	-	10	1.00	8	-
Maryann Arnold		1.00	6	-	6	-	-	6	-	-	-
Danny Smaiel		1.00	6	-	6	-	-	6	-	-	-
Allan Buck		1.00	7	-	7	-	-	7	-	-	-
Maonica Zenuik		1.00	7	-	7	-	-	7	-	-	-
Patricia Palechuk		1.00	4	-	4	-	-	4	-	-	-
Steve Martin		1.00	3	-	3	-	-	3	-	-	-
Total honoraria		14.00	$ 103	$ -	$ 103	-	$ -	$ 103	9	$ 40	-

Schedule 2

(continued)

LAKELAND REGIONAL HEALTH AUTHORITY

SCHEDULE OF SALARIES, HONORARIA, BENEFITS, ALLOWANCES AND SEVERANCE

YEAR ENDED MARCH 31, 2002

(thousands of dollars)

	2002				2002 Severance		2002	2001			
	Number of Individuals (1)	Salaries and Honoraria (2)	Benefits and Allowances (3)	Sub-total	Number of Individuals	Amount	Total	Number of Individuals (1)	Salaries, Benefits & Honoraria (2, 3)	Severence	Total
STAFF											
Chief Executive Officer	1.00	151	24	175	-	$ -	175	1.00	134	-	134
Medical Officers or Other Mgmt to Board	1.50	325	51	376	-	-	376	1.50	318	-	318
Management persons reporting to the CEO											
Regional Chief Financial Officer	-	-	-	-	-	-	-	-	-	-	-
Directors of Health Services	1.00	115	18	133	-	-	133	1.00	129	-	129
Other Management reporting to those above (2002 avg = $92)(2001 avg = $89) (excluding severances)	13.50	1,071	169	1,240	1	47	1,287	13.25	1,186	48	1,234
Other Management (2002 avg = $82)(2001 avg = $72) (excluding severances)	55.61	4,032	638	4,670	-	-	4,670	55.71	4,031	-	4,031
Medical Doctors not included above	-	46	-	46	-	-	46	-	103	-	103
Regulated Nurses not included above (2002 avg = $65)(2001 avg = $58) (excluding severances)	358.52	20,061	3,175	23,236	-	-	23,236	351.18	20,517	-	20,517
Other Health Technical & Professionals (2002 avg = $58)(2001 avg = $52) (excluding severances)	248.28	12,490	1,977	14,467	-	-	14,467	248.50	12,990	-	12,990
Unregulated Health Service Providers (2002 avg = $33)(2001 avg = $31)	238.60	6,905	1,093	7,998	-	-	7,998	230.36	7,103	-	7,103
Other Staff (2002 avg = $37)(2001 avg = $33) (excluding severances)	373.04	11,773	1,863	13,636	10	91	13,727	374.10	12,488	-	12,488
	1,291.05	**56,969**	**9,008**	**65,977**	**11.00**	**138**	**66,115**	**1,276.60**	**58,999**	**48**	**59,047**
TOTAL OF SCHEDULE 2	**1,305.05**	**$ 57,072**	**$ 9,008**	**$ 66,080**	**11.00**	**$ 138**	**$ 66,218**	**1,285.60**	**$ 59,039**	**$ 48**	**$ 59,087**

Schedule 2 (continued)

LAKELAND REGIONAL HEALTH AUTHORITY

SCHEDULE OF SALARIES, HONORARIA, BENEFITS, ALLOWANCES AND SEVERANCE

YEAR ENDED MARCH 31, 2002

(1) Full time equivalent (FTE) has been determined as follows:

Regulated nurses	1921 hours per FTE
All other categories	2023 hours per FTE

The actual discrete number of individuals employed: 1,748 (2001 1,938).

(2) Salary includes regular base pay, overtime, lump sum payments, honoraria and any other direct cash remuneration including sick leave, short-term disability and vacation.

(3) Benefits and allowances included the employer's share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, out of country medical benefits, group life insurance, accidental death and dismemberment, long-term disability plans, Canada Pension Plan, unemployment insurance, workers compensation, car benefits and allowances and tuition.

(4) Severance includes: All monies paid directly or on behalf of an employee upon termination which are not included in salaries and benefits, continued payment for Authority/Board shared benefits identified in 2 above, that will continue to be paid.

(5) The total amount is reported in Schedule 1 - Expenses by Object.

Schedule 3

LAKELAND REGIONAL HEALTH AUTHORITY

THREE YEAR SUMMARY OF REVENUES AND EXPENSES

PERIOD COMMENCING APRIL 1, 1999

(thousands of dollars)

	Pro-forma			Actual		
	2002	2001	2000	2002	2001	2000
Revenues						
Alberta Health and Wellness contributions	$ 107,193	$ 100,970	$ 95,621	$ 107,193	$ 102,392	$ 96,917
Other government contributions	3,071	3,503	2,271	3,071	3,590	2,454
Fees and charges	10,782	10,337	9,476	10,782	10,404	9,543
Net Ancillary Operations	8	(4)	(10)	8	(4)	(35)
Donations	252	529	414	252	533	410
Investment and other income	2,912	2,379	1,673	2,912	2,393	1,694
Amortization of external capital contributions	3,763	3,938	4,542	3,763	3,984	4,653
	127,981	121,652	113,987	127,981	123,292	115,636
Expenses						
Facility based inpatient acute services	20,844	17,868	15,886	20,844	18,611	16,545
Facility based emergency and outpatient services	8,405	7,619	7,043	8,405	6,351	6,007
Facility based continuing care services	25,479	24,262	21,695	25,479	24,381	21,785
Community and home based services	11,751	8,504	7,321	11,751	9,262	8,028
Diagnostic and therapeutic services	22,357	20,669	18,077	22,357	21,106	18,334
Promotion, prevention and protection services	6,841	5,900	5,027	6,841	6,143	5,304
Administration	5,651	5,049	5,556	5,651	5,169	5,708
Information technology and well net	1,424	1,534	1,290	1,424	1,547	1,306
Y2K remedial costs	-	37	1,913	-	37	1,913
Support services	26,156	24,799	22,205	26,156	25,258	22,717
Amortization of facilities and improvements	2,855	3,236	4,021	2,855	3,252	4,036
Total Expenses	$ 131,763	$ 119,477	$ 110,034	$ 131,763	$ 121,117	$ 111,683
Excess (deficiency) of revenues over expenses	$ (3,782)	$ 2,175	$ 3,953	$ (3,782)	$ 2,175	$ 3,953

The Minister of Health and Wellness realigned certain boundaries of Regional Health Authorities, effective April 1, 2001 as outlined in Note 26 (2001 $-3,007) (2000 $- 2,753). The Rural on Call program for physician was transferred to the Regional Health Authorities effective April 1, 2001 (2001 $1,367) (2000 $1,103)

The pro-forma information above reflects the adjustments as if these changes had occurred April 1, 1999.

Financial Statements of

MISTAHIA REGIONAL HEALTH AUTHORITY

March 31, 2002

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AUDITOR
GENERAL
Alberta

AUDITOR'S REPORT

To the Members Mistahia Regional Health Authority
and the Minister of Health and Wellness

I have audited the statement of financial position of the Mistahia Regional Health Authority (the "Authority") as at March 31, 2002 and the statements of operations, changes in net assets, and cash flows for the year then ended. These financial statements are the responsibility of the Authority's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Authority as at March 31, 2002 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Fred J Dunn CA
Auditor General

Edmonton, Alberta
June 5, 2002

MISTAHIA REGIONAL HEALTH AUTHORITY

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

FINANCIAL STATEMENTS

MARCH 31, 2002

The accompanying financial statements are the responsibility of management and have been approved by the Authority. The financial statements were prepared in accordance with Canadian generally accepted accounting principles and the Financial Directives issued by Alberta Health and Wellness and, of necessity, include some amounts that are based on estimates and judgments.

To discharge its responsibility for the integrity and objectivity of financial reporting, management maintains a system of internal accounting controls comprising written policies, standards and procedures, a formal authorization structure, and satisfactory processes for reviewing internal controls. This system is designed to provide management with reasonable assurance that transactions are in accordance with governing legislation, are properly authorized, reliable financial records are maintained, and assets are adequately accounted for and safeguarded. The Authority has established a code of ethics and corporate directives, which require communication of the code to employees.

The Authority members carry out their responsibility for the financial statements through the Finance and Audit Committee. This Committee meets with management and the external auditor, Auditor General of Alberta, to discuss and review financial matters, and recommends the financial statements to the Mistahia Regional Health Authority Board for approval. The external auditor has full and free access to the Finance and Audit Committee.

The external auditor, Auditor General of Alberta, provides an independent audit of the financial statements. They have assured us that their examination is conducted in accordance with Canadian generally accepted auditing standards and includes tests and other procedures, which allow them to report on the fairness of the financial statements prepared by management.

Dalton M. Russell
President and
Chief Executive Officer

Donald A. (Tony) Suttis
Vice President, Finance and
Information Management

MISTAHIA REGIONAL HEALTH AUTHORITY
Statement of Financial Position
March 31, 2002
(thousands of dollars)

	2002	2001
ASSETS		
CURRENT ASSETS		
Cash and temporary investments (Note 3)	$ **11,574**	$ 10,509
Accounts receivable	**2,038**	1,565
Contributions receivable	**1,295**	515
Inventories	**668**	633
Prepaid expenses	**549**	737
	16,124	13,959
NON-CURRENT CASH AND INVESTMENTS (Note 4)	**2,438**	5,115
NON-CURRENT RECEIVABLES (Note 5)	**1,583**	1,337
CAPITAL ASSETS (Note 6)	**117,886**	119,645
	$ **138,031**	$ 140,056
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accruals	$ **9,206**	$ 7,412
Accrued vacation pay	**4,879**	4,111
Deferred contributions (Note 7)	**669**	733
	14,754	12,256
DEFERRED CAPITAL CONTRIBUTIONS (Note 8)	**3,579**	4,576
UNAMORTIZED EXTERNAL CAPITAL CONTRIBUTIONS (Note 9)	**112,232**	114,160
	130,565	130,992
NET ASSETS		
Unrestricted (Note 10)	**1,713**	394
Internally restricted (Note 11)	**99**	3,185
Investment in capital assets	**5,654**	5,485
	7,466	9,064
	$ **138,031**	$ 140,056

The accompanying notes and schedules are part of these financial statements

MISTAHIA REGIONAL HEALTH AUTHORITY
Statement of Operations
Year ended March 31, 2002
(thousands of dollars)

	2002		2001
	Budget (Note 13)	Actual	Actual
REVENUES			
Alberta Health and Wellness contributions (Note 14)	$ **96,995**	$ **96,326**	$ 87,424
Other government contributions (Note 15)	**466**	**466**	474
Fees and charges	**7,904**	**8,923**	7,974
Ancillary operations - net (Note 16)	**251**	**378**	372
Donations	**9**	**161**	110
Investment and other income (Note 17)	**1,382**	**3,110**	2,498
Amortization of external capital contributions (Note 9)	**6,086**	**5,328**	6,086
	113,093	**114,692**	104,938
EXPENSES - Schedule 1			
Facility-based in-patient acute services	**28,446**	**28,609**	23,932
Facility-based emergency and out-patient services	**8,182**	**9,586**	6,652
Facility-based continuing care services (Note 18)	**10,635**	**10,205**	8,567
Community and home-based services	**6,567**	**6,630**	5,941
Diagnostic and therapeutic services	**20,167**	**21,056**	18,353
Promotion, prevention and protection services	**6,012**	**4,793**	4,055
Research and education	-	**31**	4
Administration (Note 19)	**7,632**	**7,635**	7,470
Information technology and we net (Note 20)	**1,626**	**1,956**	1,979
Y2K remedial costs	-	-	234
Support services (Note 21)	**22,204**	**21,922**	20,733
Amortization of facilities and improvements	**4,788**	**3,763**	4,788
	116,259	**116,186**	102,708
(DEFICIENCY) EXCESS OF REVENUES OVER EXPENSES	$ **(3,166)**	$ **(1,494)**	$ 2,230

MISTAHIA REGIONAL HEALTH AUTHORITY
Statement of Changes in Net Assets
Year ended March 31, 2002
(thousands of dollars)

	2002				2001
	Unrestricted	Internally Restricted	Investment in Capital Assets	Total	Total
(DEFICIENCY) EXCESS OF REVENUES OVER EXPENSES	$ (1,494)	$ -	$ -	$ (1,494)	$ 2,230
CAPITAL ASSETS PURCHASED WITH INTERNAL FUNDS	-	(1,108)	1,108	-	-
AMORTIZATION ON INTERNALLY FUNDED CAPITAL ASSETS	852	-	(852)	-	
BOUNDARY REALIGNMENT (Note 26)	(17)	-	(87)	(104)	-
NET CHANGE	(659)	(1,108)	169	(1,598)	2,230
TRANSFERS FROM INTERNALLY RESTRICTED	1,978	(1,978)	-	-	-
BALANCE, BEGINNING OF YEAR	394	3,185	5,485	9,064	6,834
BALANCE, END OF YEAR	$ 1,713	$ 99	$ 5,654	$ 7,466	$ 9,064

MISTAHIA REGIONAL HEALTH AUTHORITY
Statement of Cash Flows
Year ended March 31, 2002
(thousands of dollars)

	2002		2001
	Budget	Actual	Actual
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES			
OPERATING			
(Deficiency) excess of revenues over expenses	$ (3,166)	$ (1,494)	$ 2,230
Items not affecting cash:			
Amortization of internally funded equipment	678	815	678
Amortization of externally funded equipment	1,337	1,601	1,337
Amortization of internally funded facilities and improvements	49	37	49
Amortization of externally funded facilities and improvements	4,739	3,727	4,739
Amortization of deferred external capital contributions	(6,086)	(5,328)	(6,086)
(Gain) loss on disposal of capital assets	-	(15)	23
	(2,449)	(657)	2,970
Change in non-cash working capital accounts	(5)	1,398	2,016
Cash (used) generated by operations	(2,454)	741	4,986
INVESTING			
Purchase of capital assets:			
Internally funded equipment	(1,680)	(712)	(2,301)
Externally funded equipment	(3,804)	(2,517)	(5,774)
Internally funded facilities and improvements	(450)	(396)	(6)
Externally funded facilities and improvements	(1,992)	(4,908)	(4,972)
Proceeds on sale of capital assets	-	15	12
Capital asset transfer on boundary realignment (Note 26)	-	4,112	-
Change in non-current cash	5,115	2,677	656
Cash used by investing activities	(2,811)	(1,729)	(12,385)
FINANCING			
Capital contributions received (Note 8)	1,220	6,687	10,841
Reduction in net assets on boundary realignment	-	(104)	-
Reduction in unamortized external capital contributions on boundary realignment (Note 26)	-	(4,025)	-
Refund of unused capital contributions (Note 8)	-	(58)	(120)
Capital contributions transferred to operations (Note 8)	-	(5)	(234)
Transfer of capital contributions to Peace RHA (Note 8)	-	(196)	-
Change in non-current receivables	1,266	(246)	(755)
Cash generated by financing activities	2,486	2,053	9,732
(DECREASE) INCREASE IN CASH AND TEMPORARY INVESTMENTS	(2,779)	1,065	2,333
CASH AND TEMPORARY INVESTMENTS, BEGINNING OF YEAR	10,509	10,509	8,176
CASH AND TEMPORARY INVESTMENTS, END OF YEAR	$ 7,730	$ 11,574	$ 10,509

1. AUTHORITY, PURPOSE AND OPERATION

The Mistahia Regional Health Authority ("the Authority") was established on June 24, 1994, under the authority of the Regional Health Authorities Act, Chapter R-10, Revised Statutes of Alberta, 2000. The Authority is a registered charity and is exempt from payment of income tax under Section 149 of the Income Tax Act.

The Authority is responsible for the delivery of appropriate, accessible, and affordable health services in the region. This responsibility includes operating programs designed to promote, protect, maintain, restore, and enhance physical and mental well-being.

The operations of the Authority include the following facilities and sites:

- Beaverlodge Municipal Hospital
- Central Peace Health Complex, Spirit River
- Fairview Health Complex
- Grande Cache General Hospital
- Fox Creek Health Centre
- Hythe Nursing Home
- Mackenzie Place Long Term Care Centre, Grande Prairie
- Queen Elizabeth II Hospital, Grande Prairie
- Valleyview Health Centre
- Worsley Health Centre
- Mistahia Health Unit Offices in Beaverlodge, Fairview, Grande Cache, Grande Prairie, Spirit River and Valleyview.

These financial statements do not include the assets, liabilities, and operations of any voluntary or private facilities providing health services in the region. Information on these facilities is disclosed in Note 23.

2. ACCOUNTING POLICIES AND REPORTING PRACTICES

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles and the reporting requirements of Financial Directive 19 issued by Alberta Health and Wellness.

The financial statements by their nature contain estimates and are subject to measurement uncertainty. The amounts recorded for amortization of capital assets and amortization of external capital contributions are based on estimates of the useful life of related assets. Actual results could differ from these estimates. Also, the Authority is currently included in the Goods and Services Tax (GST) free list of Alberta Government entities and therefore does not record or pay GST on purchased supplies and services. This situation could change in the future if the Authority ceases to be part of the GST free list of Alberta Government.

The following are the significant accounting policies:

(a) *Basis of Presentation*

These financial statements include all facilities and sites that the Authority operates.

2. ACCOUNTING POLICIES AND REPORTING PRACTICES (continued)

(b) *Revenue Recognition*

(i) Unrestricted operating grants and other contributions are recognized as revenue in the year when receivable.

(ii) Externally restricted non-capital contributions are deferred and recognized as revenue in the year when related expenses are incurred.

(iii) Externally restricted capital contributions are recorded as deferred contributions until the amount is invested in capital assets. Amounts invested representing externally funded capital assets are then transferred to unamortized external capital contributions. Unamortized external capital contributions are recognized as revenue in the periods in which the related amortization expense of the funded capital asset is recorded.

(iv) Restricted contributions for the purchase of capital assets that will not be amortized are recorded as direct increases to net assets.

(v) Unrestricted investment income is recognized in the year it is earned.

(vi) Investment income subject to external restrictions is, depending on the nature of the restrictions, recorded as a direct increase to net assets or is deferred and recognized as revenue in the year the related expenses are incurred.

(vii) Donations and contributions in kind are recorded at fair value when such value can reasonably be determined.

(c) *Full Cost*

The Authority accounts for all costs and revenues related to services carried out for which it is responsible.

The fair value of costs of service is recorded. The fair value transactions recorded consist of the following:

- Revenues earned by contracted health service operators from Ministry of Health and Wellness designated fees and charges are recorded as fees and charges of the Authority. An equivalent amount is recorded as contracted health service operator expense of the Authority.
- Payments made by Alberta Health and Wellness directly to contracted health service operators for health programs are recorded as revenues and an equivalent amount recorded as program expenses as these payments represent part of the cost of the Authority's health programs.
- The fair value for use of acute care facilities not owned by the Authority is recorded as revenue from other government contributions or from donations and as program expense as contract payments from the Authority do not include an amount for the use of these facilities.
- The fair value for use of non-acute care facilities not owned by the Authority and provided to the Authority at zero or nominal rent is recorded as other government contributions and as program expenses.

2. ACCOUNTING POLICIES AND REPORTING PRACTICES (continued)

(c) *Full Cost (continued)*

- Other assets, supplies, and service contributions that would otherwise have been purchased are recorded as revenue and expenses, at fair value at the date of contribution, when a fair value can be reasonably determined. Volunteers contribute a significant amount of time each year to assist the Authority in carrying out its programs and services. However, contributed services of volunteers are not recognized as revenues and expenses in these financial statements because fair value cannot be reasonably determined.

(d) *Employee Future Benefits*

The Authority participates in the Local Authorities Pension Plan. The pension plan is a multi-employer defined benefit pension plan that provides a pension for the Authority's participating employees, based on years of service and earnings.

Defined contribution plan accounting is applied to a multi-employer defined benefit plan for which the authority has insufficient information to apply defined benefit plan accounting.

Pension costs included in these financial statements comprise the amount of employer contributions required for its employees during the year, based on rates which are expected to provide for benefits payable under the pension plan. The Authority's portion of the pension plan's deficit or surplus is not recorded by the Authority.

The Authority fully accrues its obligation for employee non-pension future benefits.

(e) *Investments*

Temporary investments are recorded at cost, which approximates market value.

Non-current investments are recorded at cost unless there has been a permanent reduction in value. At that time, the value is reduced. Any discounts or premiums arising on purchase are amortized over the period to maturity. Gains or losses realized on disposal are recognized in the period of disposal.

(f) *Inventories*

Inventories are recorded at the lower of cost, as defined by moving average, and net realizable value.

2. ACCOUNTING POLICIES AND REPORTING PRACTICES (continued)

(g) *Capital assets*

Capital assets and capital projects in progress are recorded at cost. Capital assets costing less than $5,000 are expensed.

Capital assets are amortized on a straight-line basis over the estimated useful life of the assets as follows:

Land improvements	10 - 25 years
Buildings	20 - 40 years
Major equipment	5 - 15 years

Capital projects in progress are not amortized until the project is complete.

Leases transferring substantially all of the benefits and risks of ownership of capital assets to the Authority are accounted for as acquisitions of capital assets financed by long-term obligations.

(h) *Restructuring Costs*

Restructuring costs are charged to expenses in the period the decision to restructure is made. If the actual costs are not known at the time the decision is made, then an estimate of the amounts is recorded.

3. CASH AND TEMPORARY INVESTMENTS

	2002	2001
	(thousands of dollars)	
Cash	$ 4,912	$ 5,280
Temporary investments at cost (which approximates market value)	9,100	10,344
	14,012	15,624
Allocation to non-current cash and investments (Note 4)	(2,438)	(5,115)
	$ 11,574	$ 10,509

Cash and temporary investments represent amounts held for working capital purposes.

Investments are comprised of a guaranteed investment certificate and several term deposits. The guaranteed investment certificate bears interest at prime less 1.75 percent with no fixed date of maturity. The term deposits bear interest at rates ranging from 2.0 to 2.4 percent and mature from April 2 to April 16, 2002.

4. NON-CURRENT CASH AND INVESTMENTS

	2002	2001
	(thousands of dollars)	
Allocation from current cash and temporary investments (Note 3)	**$ 2,438**	$ 5,115

Non-current cash and investments represent the following:

	2002	2001
	(thousands of dollars)	
Externally restricted for capital acquisitions	**$ 2,339**	$ 3,435
Internally restricted for capital acquisitions	**99**	1,680
	$ 2,438	$ 5,115

5. NON-CURRENT RECEIVABLES

	2002	2001
	(thousands of dollars)	
Alberta Health and Wellness	**$ 1,195**	$ 1,101
Alberta Infrastructure	**23**	40
Foundations	**22**	-
Non-current portion of receivables from physicians and staff	**343**	196
	$ 1,583	$ 1,337

The amounts due from Alberta Health and Wellness, Alberta Infrastructure, and Foundations are for capital acquisitions.

The amount due from physicians and staff is the non-current portion of non interest bearing loans granted to Authority staff or certain physicians to establish medical practices in Grande Prairie. The current portion of $258,600 (2001 - $337,750) is reported in accounts receivable.

6. CAPITAL ASSETS

	2002			2001
	Cost	**Accumulated Amortization**	**Net Book Value**	Net Book Value
	(thousands of dollars)			(thousands of dollars)
Land	**$ 824**	**$ -**	**$ 824**	$ 870
Land improvements	**6,901**	**6,034**	**867**	929
Buildings	**152,019**	**60,392**	**91,627**	97,230
Major equipment	**40,954**	**28,938**	**12,016**	8,863
Work in progress	**12,552**	**-**	**12,552**	11,753
	$ 213,250	**$ 95,364**	**$ 117,886**	$ 119,645

Capital assets have been funded from the following sources:

	2002	2001
	(thousands of dollars)	
Externally funded (unamortized external capital contributions)	**$ 112,232**	$ 114,160
Internally funded (investment in capital assets)	**5,654**	5,485
	$ 117,886	$ 119,645

7. DEFERRED CONTRIBUTIONS

	2002	2001
	(thousands of dollars)	
Amounts received:		
Alberta Health and Wellness	$ 2,546	$ 54
Other sources	55	8
	2,601	62
Amounts transferred to:		
Alberta Health and Wellness contributions (Note 14)	(2,601)	(208)
Refund of contributions	(44)	-
Deferred capital contributions (Note 8)	(11)	-
Investment and other income (Note 17)	(5)	-
Donations	(4)	-
Other government contributions (Note 15)	-	(4)
	(2,665)	(212)
Change during the year	(64)	(150)
Balance, beginning of year	733	883
Balance, end of year	$ 669	$ 733
Balance at end of year is restricted for the following purposes:		
Alberta Health and Wellness contributions:		
Healthy Aging Partnership Initiative	$ 349	$ 566
Early Childhood Development	270	-
ICD-10	6	-
Community Exposure and Health Effects Assessment	-	113
Archival Blood Record Review Project	-	42
Reimburse software licenses	-	4
	625	725
Other	44	8
	$ 669	$ 733

8. DEFERRED CAPITAL CONTRIBUTIONS

Deferred capital contributions balance represents amounts accounted for in accordance with accounting policy described in Note 2(b).

	2002	2001
	(thousands of dollars)	
Amounts received:		
Restricted Alberta Health and Wellness contributions	$ 1,198	$ 2,596
Restricted other government contributions	3,963	5,758
Donations restricted for capital purposes	829	2,331
Other sources	614	67
Transfers from deferred contributions (Note 7)	11	-
Interest	72	89
	6,687	10,841
Transferred to:		
Unamortized external capital contributions (Note 9)	(7,425)	(10,746)
Refund of contributions	(58)	(120)
Accounts payable - boundary realignment	(196)	-
Statement of operations - donations	(5)	-
Alberta Health and Wellness contributions (Note 14)	-	(234)
	(7,684)	(11,100)
Change during the year	(997)	(259)
Balance, beginning of year	4,576	4,835
Balance, end of year	$ 3,579	$ 4,576
Balance at end of year is restricted for the following purposes:		
Capital upgrades	$ 2,528	$ 1,992
Equipment acquisition	1,051	2,584
	$ 3,579	$ 4,576

9. UNAMORTIZED EXTERNAL CAPITAL CONTRIBUTIONS

Unamortized external capital contributions reflect transactions accounted in accordance with the accounting policy described in Note 2(b). The balance at year-end represents the external capital contribution that will be recognized as revenue in future years.

	2002	2001
	(thousands of dollars)	
Balance, beginning of year	$ 114,160	$ 109,500
Net impact of boundary alignment (Note 26)	(4,025)	-
Add amounts transferred from deferred capital contributions (Note 8)	7,425	10,746
	117,560	120,246
Less amounts recognized as revenue:		
Amortization of external capital contributions	(5,328)	(6,086)
Balance, end of year	$ 112,232	$ 114,160

10. UNRESTRICTED AND INTERNALLY RESTRICTED NET ASSETS

	2002	2001
	(thousands of dollars)	
Unrestricted and internally restricted net assets at regionalization - April 1, 1995	**$ 4,350**	$ 4,350
Changes since regionalization:		
Cumulative operating surplus	**269**	1,763
Net investment in capital assets	**(2,807)**	(2,534)
	$ 1,812	$ 3,579
Unrestricted	**$ 1,713**	$ 394
Internally restricted	**99**	3,185
	$ 1,812	$ 3,579

11. INTERNALLY RESTRICTED NET ASSETS

Net assets internally restricted represent amounts restricted by the Authority for the following purposes:

	2002	2001
	(thousands of dollars)	
Capital acquisitions and project management	**$ 99**	$ 2,130
Program service and delivery plan	**-**	555
Health Link operations	**-**	500
	$ 99	$ 3,185

12. COMMITMENTS AND CONTINGENCIES

Commitments

The Authority is committed to several contracts and is required to make the following minimum payments over the next five years:

	Equipment Maintenance Contracts	Healthcare Service Contracts	Operating Leases	Total
		(thousands of dollars)		
2003	$ 833	$ 1,191	$ 323	$ 2,347
2004	572	272	305	1,149
2005	308	-	206	514
2006	172	-	23	195
2007	127	-	-	127

12. COMMITMENTS AND CONTINGENCIES (continued)

Commitments (continued)

In addition to the above, the Authority has entered into an agreement for the purchase of electricity at a rate of 8.4 cents per kilowatt-hour. The agreement expires December 31, 2005.

13. BUDGET

	Approved Budget[1]	Additional Approved Budget[2]	Net change from Boundary Realignment[3]	Budget Reallocation[4]	Reported Budget
			(thousands of dollars)		
Revenues					
Alberta Health and Wellness contributions	$ 97,416	$ 1,257	$ (1,678)	$ -	$ 96,995
Other government contributions	306	-	-	160	466
Fees and charges	7,756	-	(32)	180	7,904
Net ancillary operations	251	-	-	-	251
Donations	9	-	-	-	9
Investment and other income	1,369	-	-	13	1,382
Amortization of deferred capital contributions	6,246	-	-	(160)	6,086
	113,353	1,257	(1,710)	193	113,093
Expenses					
Facility-based in-patient acute services	27,986	1,287	(514)	(313)	28,446
Facility-based emergency and out-patient services	8,498	89	(209)	(196)	8,182
Facility-based continuing care services	10,774	-	-	(139)	10,635
Community and home-based services	6,849	-	(200)	(82)	6,567
Diagnostic and therapeutic services	20,284	-	(160)	43	20,167
Promotion, prevention and protection services	5,296	688	(94)	122	6,012
Research and education	-	-	-	-	-
Administration	7,381	-	(14)	265	7,632
Information technology and we: net	1,510	-	-	116	1,626
Support services	21,599	759	(519)	365	22,204
Amortization of facilities and improvements	4,948	-	-	(160)	4,788
	115,125	2,823	(1,710)	21	116,259
(Deficiency) excess of revenues over expenses	$ (1,772)	$ (1,566)	$ -	$ 172	$ (3,166)

(1) The budget was approved by the Authority and submitted to the Minister of Health and Wellness in August 2001.

(2) Subsequent to the submission of the budget to the Minister of Health and Wellness, the following funding adjustments were made by the Minister:

(a) On October 2001, the Minister of Health and Wellness announced a reduction to the Authority's funding of $860,337 and elimination of the energy rebate of $706,000.

13. BUDGET (continued)

(b) The following grants were awarded subsequent to the submission of the budget. All grants were allocated to programs:

	(thousands of dollars)
Specialist on-call	$ 1,206
Early Childhood Development	270
Meningitis Immunization Program	355
Increase in telehealth operating grant	90
Increase in other physician compensation	80
Children's Health Initiative	63
Implementation of ICD-10	53
	$ 2,117

(3) The original business plan did not include the impact of the boundary realignment. The operating impact of the boundary realignment was a transfer of $ 3,014,952 in Alberta Health and Wellness contributions from the Mistahia Regional Health Authority to the Peace Regional Health Authority to offset net expenses for providing services to the residents of Grimshaw and the surrounding area, and a transfer of $1,337,088 in Alberta Health and Wellness contributions from the Aspen Regional Health Authority to the Mistahia Regional Health Authority to offset net expenses for providing services to the residents of Fox Creek and the surrounding area. The foregoing results in net impact of reduced funding of $1,677,864.

(4) The business plan submitted to Alberta Health and Wellness included significant budget allocations such as contingencies for employee salary negotiations based on management estimates. The budget was subsequently adjusted for actual settlement amounts, as they became known.

14. ALBERTA HEALTH AND WELLNESS CONTRIBUTIONS

	2002		2001
	Budget (Note 13)	Actual	Actual
	(thousands of dollars)		
Unrestricted contributions	$ 93,725	$ 93,725	$ 86,982
Transfers from deferred contributions (Note 7)	3,270	2,601	208
Transfers from deferred capital contributions (Note 8)	-	-	234
	$ 96,995	$ 96,326	$ 87,424

15. OTHER GOVERNMENT CONTRIBUTIONS

	2002		2001
	Budget (Note 13)	Actual	Actual
	(thousands of dollars)		
Fair value of rent less rent charges for non-acute care facilities used by the Authority	$ 466	$ 466	$ 470
Transfer from deferred contributions (Note 7)	-	-	4
	$ 466	$ 466	$ 474

16. ANCILLARY OPERATIONS

	2002				2001
	Parking Operations	Other Ancillary Operations	Total	Budget (Note 13)	Actual
	(thousands of dollars)				(thousands of dollars)
Revenues	$ 314	$ 162	$ 476	$ 251	$ 467
Expenses	65	33	98	-	95
Excess of revenues over direct expenses (2002)	$ 249	$ 129	$ 378	$ 251	$ 372
Excess of revenues over direct expenses (2001)	$ 233	$ 139	$ 372	$ 252	

17. INVESTMENT AND OTHER INCOME

	2002		2001
	Budget (Note 13)	Actual	Actual
	(thousands of dollars)		
Unrestricted investment income	$ 501	$ 530	$ 794
Other income	881	2,575	1,704
Transfer from deferred contributions (Note 7)	-	5	-
	$ 1,382	$ 3,110	$ 2,498

Investment income comprises interest, dividends, amortization of discount and premiums, and net gains on disposal of investments.

Other income comprises recoveries from sources external to the Authority for materials, supplies and wages.

18. FACILITY-BASED CONTINUING CARE SERVICES

Facility-based continuing care services include expenses associated with the Healthy Aging Partnership Initiative of $217,006 (2001 – nil).

19. ADMINISTRATION

	2002		2001
	Budget (Note 13)	Actual	Actual
	(thousands of dollars)		
General administration:			
Corporate administration	$ 2,683	$ 2,481	$ 2,513
Medical administration	1,012	679	909
Board of Trustees	310	181	191
	4,005	3,341	3,613
Financial services	1,474	1,525	1,553
Human resources	1,779	2,410	1,949
Administration attributed to private sector operators (Note 23)	374	359	355
	$ 7,632	$ 7,635	$ 7,470

20. INFORMATION TECHNOLOGY AND WE//NET

	2002		2001
	Budget (Note 13)	Actual	Actual
	(thousands of dollars)		
Information technology	$ 1,551	$ 1,956	$ 1,621
we net	75	-	358
	$ 1,626	$ 1,956	$ 1,979

Alberta we net is the province-wide, strategic initiative to build a health information network. The initiative brings together a broad spectrum of health professionals to use information technology to improve health service delivery to all Albertans.

The Authority's contribution has been applied towards activities that will produce clinical and administrative deliverables, or to develop applications to support we net initiatives. In accordance with generally accepted accounting principles, these costs have been expensed.

21. SUPPORT SERVICES

	2002		2001
	Budget (Note 13)	Actual	Actual
	(thousands of dollars)		
Bio-medical engineering	$ 214	$ 181	$ 153
Building maintenance, operations and security	7,325	7,298	7,128
Communications	813	748	721
Education	360	319	172
Health registry	2,867	2,649	2,631
Housekeeping	2,745	2,768	2,403
Laundry and linen	1,076	1,080	1,059
Materials management and transportation	1,858	1,854	1,760
Patient food services	3,884	3,908	3,703
Volunteer services and other	246	254	225
Support services attributed to private sector operators (Note 23)	816	863	778
	$ 22,204	$ 21,922	$ 20,733

22. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value estimates are made at a specific point in time, based on relevant market information and information about the financial instrument. These estimates are subjective in nature and involve uncertainties and matters of significant judgement, and therefore, cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

The carrying amounts of cash and temporary investments, accounts receivable, contributions receivable, accounts payable and accruals, accrued vacation pay, and deferred contributions on the statement of financial position approximate fair value because of the limited term of these instruments.

23. RELATED PARTIES

Provincial Government

The Authority is established under the Regional Health Authorities Act. Two-thirds of the members of the Authority are elected. The Minister of Health and Wellness appoints the remaining members. Transactions between the Authority and the Province are disclosed in the Statement of Operations and Notes 7, 8, 14 and 15 to the financial statements.

Health Authorities

The Authority shares a common relationship with other health authorities by way of its relationship with the Province of Alberta. Transactions between the Authority and other health authorities are included in the Statement of Operations and disclosed in Note 26.

23. RELATED PARTIES (continued)

Foundations

The Authority has an economic interest in the following Foundations. The Foundations raise funds to benefit the Authority and other health related entities and are registered charities under the Income Tax Act. Information on the Foundations is as follows:

	Contributions Received by Authority		Resources Held by Foundation	
	2002	2001	Externally Restricted	Unrestricted
	(thousands of dollars)			
Beaverlodge General Hospital Foundation	**$ 47**	$ 1	$ -	$ 59
Fairview Health Complex Foundation	**339**	13	2,175	257
Grimshaw Berwyn Hospital Foundation	**-**	20	-	-
Hythe Hospital and Nursing Home Foundation	**2**	4	-	33
Queen Elizabeth II Hospital Foundation	**436**	2,295	1,328	798
Valleyview Health Care Foundation	**9**	16	13	12
	$ 833	$ 2,349	$ 3,516	$ 1,159

Externally restricted amounts are for equipment, programs, and research and education for the specific hospital and continuing care facility supported by the individual foundation.

The value of administrative support provided to foundations and the accounts receivable from the foundations at the year end are as follows:

	Administrative Support Year ended March 31		Accounts Receivable at March 31, 2002	
	2002	2001	Externally Restricted	Unrestricted
	(thousands of dollars)			
Queen Elizabeth II Hospital Foundation	**$ 25**	$ 25	$ 117	$ 20

23. RELATED PARTIES (continued)

Private Health Service Operators

The Authority has an economic interest in the following private health service providers as it transfers significant resources to these entities. The Authority contracts with private health service operators to provide health services in the Region. The health service operators and the amount of the contracted services for the year are as follows:

	2002			2001
	Direct Authority Funding	**Approved Patient Fees and Charges**	**Total**	Total
	(thousands of dollars)			(thousands of dollars)
Grande Prairie Care Centre	**$ 1,808**	**$ 599**	**$ 2,407**	$ 2,216
Dynacare Kasper Medical Laboratories	**901**	**-**	**901**	851
	$ 2,709	**$ 599**	**$ 3,308**	$ 3,067

These payments to health service operators have been reported in the following expense categories:

	2002	2001
	(thousands of dollars)	
Facility-based continuing care services	**$ 1,258**	$ 1,128
Diagnostic and therapeutic services	**828**	806
Administration (Note 19)	**359**	355
Support services (Note 21)	**863**	778
	$ 3,308	$ 3,067

24. PENSION COSTS

The Authority participates in the Local Authorities Pension Plan, which is a multi-employer defined benefit plan. The pension expense recorded in these financial statements is equivalent to the Authority's annual contribution payable of $2,268,047 for the year ended March 31, 2002 (2001 - $1,997,526).

At December 31, 2001, the Local Authorities Pension Plan reported a surplus of $634,960,000 (2000 - $883,823,000).

25. PHYSICIAN PAYMENTS

As requested by Alberta Health and Wellness, we are providing the following information on physician payments. The cost of physician fees paid by Alberta Health and Wellness for services rendered to the residents of the Mistahia region amounted to $24,888,332 (2001 - $23,203,281). These amounts are not reflected in the financial statements.

MISTAHIA REGIONAL HEALTH AUTHORITY

Notes to the Financial Statements

Year ended March 31, 2002

26. BOUNDARY REALIGNMENT

Effective April 1, 2001, the Minister of Health and Wellness announced a realignment to the boundaries of the Mistahia Regional Health Authority. This resulted in an increase in the geographic size of the region. The operations of the Grimshaw Berwyn Hospital were transferred to the Peace Regional Health Authority. The operations of the Fox Creek Health Centre were transferred from the Aspen Regional Health Authority. The following net assets were transferred at book value:

	Transferred to Peace Regional Health Authority	Transferred from Aspen Regional Health Authority	Net Book Value of Transfers
	(thousands of dollars)		
Land	$ (46)	$ 1	$ (45)
Land improvements	(3)	10	7
Buildings	(4,755)	721	(4,034)
Major equipment	(93)	53	(40)
	$ (4,897)	$ 785	$ (4,112)

The net results of this transfer were:	
Reduction in unamortized external capital contributions (Note 9)	$ (4,025)
Reduction in investment in capital assets	(87)
	$ (4,112)

27. COMPARATIVE FIGURES

Certain 2001 figures have been reclassified to conform to 2002 presentation.

28. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by the Authority.

MISTAHIA REGIONAL HEALTH AUTHORITY

Schedule 1

Expenses by Object of Expenditure

Year ended March 31, 2002

(thousands of dollars)

	2002 Budget (Note 13)	2002 Actual	2001 Actual
Salaries, honoraria, benefits, allowances and severance - Schedule 2	$ 73,336	$ 72,954	$ 63,972
Contracts with health service operators (Note 23)	3,235	3,308	3,067
Drugs, gases, medical and surgical supplies	4,141	5,655	4,903
Other contracted services	7,600	7,421	4,368
Supplies, minor equipment and other expenses	21,144	20,781	19,667
Amortization:			
Internally funded equipment	678	815	678
Externally funded equipment	1,337	1,601	1,337
Internally funded facilities and improvements	49	37	49
Externally funded facilities and improvements	4,739	3,727	4,739
(Gain) loss on disposal of capital assets	-	(15)	23
	116,259	116,284	102,803
Less amounts reported in ancillary operations (Note 16)	-	98	95
	$ 116,259	$ 116,186	$ 102,708

MISTAHIA REGIONAL HEALTH AUTHORITY

Schedule 2

Salaries, Honoraria, Benefits, Allowances and Severance

Year ended March 31, 2002
(thousands of dollars)

	2002							2001			
					Severance (4)				Salaries		
	Number of Individuals (1)	Salaries and Honoraria (2)	Benefits and Allowances (3)	Subtotal	Number of Individuals	Amount	Total	Number of Individuals (1)	Honoraria and Benefits (2)	Severance (4)	Total
AUTHORITY BOARD COMPENSATION (note 5)											
RHA Chairperson											
Marvin Moore	1.00	$ 11	$ 2	$ 13	$ -	$ -	$ 13		$	$	$
John Simpson	-	-	-	-	-	-	-	1.00	19		19
Official Administrators											
Ric Forest	0.50	16	-	16	-	-	16	0.50	15		15
Brian Spooner (note 6)	-	-	-	-	-	-	-	0.12	29		29
RHA Members											
Ernest Bass	1.00	4	-	4	-	-	4				
Claudia Buck	1.00	6	-	6	-	-	6				
Dennis Grant	1.00		1	1	-	-	1	1.00	11		11
Andre Harpe	1.00	6	1	7	-	-	7				
Milton Hommy	1.00	4	1	5	-	-	5				
Wayne Jacques	1.00	3	1	4	-	-	4				
Deanne Laycock	1.00	2	-	2	-	-	2				
Harry Lazoruk	1.00	5	1	6	-	-	6				
William McGregor	1.00	5	2	7	-	-	7	1.00	12		12
Ken Sargent	1.00	4	-	4	-	-	4				
Brenda Strom	1.00	4	2	6	-	-	6				
Ted Blowers	-	-	-	-	-	-	-	1.00	10		10
Gail Briggs	-	-	-	-	-	-	-	1.00	10		10
Judy Campbell	-	-	-	-	-	-	-	1.00	13		13
Mildred Chowace	-	-	-	-	-	-	-	1.00	7		7
Jean Connolley	-	-	-	-	-	-	-	1.00	11		11
Patricia Jacobs	-	-	-	-	-	-	-	1.00	8		8
Lucille Partington	-	-	-	-	-	-	-	1.00	10		10
Virginia Smith	-	-	-	-	-	-	-	1.00	11		11
TOTAL HONORARIA	12.50	$ 70	$ 11	$ 81	$ -	$	$ 81	11.62	$ 166	$	$ 166

MISTAHIA REGIONAL HEALTH AUTHORITY

Schedule 2

Salaries, Honoraria, Benefits, Allowances and Severance (continued)

Year ended March 31, 2002
(thousands of dollars)

	2002							2001			
					Severance (4)				Salaries		
	Number of Individuals (1)	Salaries and Honoraria (2)	Benefits and Allowances (3)	Subtotal	Number of Individuals	Amount	Total	Number of Individuals (1)	Honoraria and Benefits (2)	Severance (4)	Total
TOTAL HONORARIA (BROUGHT FORWARD)	12.50	$ 70	$ 11	$ 81		$	$ 81	11.62	$ 166	$	$ 166
STAFF COMPENSATION											
Chief Executive Officer	0.58	139	10	149			149				
Interim Chief Executive Officer (note 6)	0.42	121		121			121	0.38	101		101
Chief Executive Officer (note 6)							-	0.62	94	177	271
Management persons reporting to the CEO											
Chief Operating Officer	0.38	46	8	54			54	0.77	56	[illegible]	271
Vice President, Continuing Care & Community Services	1.00	111	15	126			126	1.00	111		111
Vice President, Support Services	1.00	108	15	123			123	1.00	111		111
Vice President, Human Resources & Corporate Services	1.00	120	17	137			137	0.83	111	207	318
Vice President, Finance & Information Management	1.00	110	18	128			128	1.00	116		116
Medical Officer of Health	1.00	149	14	163			163	1.00	181		181
Regional Medical Director	1.00	157	15	172			172	1.00	156		156
Other management persons reporting to those above (avg. 2002 $87, avg. 2001 $81 (excluding severance))	24.37	1,842	287	2,129			2,129	23.73	1,876	288	2,164
Other management (avg. 2002 $76, avg. 2001 $[illegible] (excluding severance))	46.30	2,998	512	3,510	1	130	3,640	42.81	3,017		3,017
Registered nurses not included above (avg. 2002 $[illegible], avg. 2001 $[illegible] (excluding severance))	400.09	26,345	4,096	30,441			30,441	[illegible]	27,736		27,736
Other Health Technical and Professional (avg. 2002 $[illegible], avg. 2001 $[illegible] (excluding severance))	105.97	9,882	1,561	11,443			11,443	[illegible]	10,779		10,779
Unregulated Health Service Providers (avg. 2002 $[illegible], avg. 2001 $[illegible] (excluding severance))	106.84	5,154	640	5,794			5,794	[illegible]	4,710		4,710
Other Staff (avg. 2002 $[illegible], avg. 2001 $[illegible] (excluding severance))	465.76	15,557	2,680	18,237	1	19	18,256	[illegible]	[illegible]	75	[illegible]
TOTAL	1,417.21	$ 62,909	$ 9,896	$ 72,805	2	$ 149	$ 72,954	[illegible]	$ [illegible]	$ [illegible]	$ [illegible]

MISTAHIA REGIONAL HEALTH AUTHORITY

Schedule 2

Salaries, Honoraria, Benefits, Allowances and Severance (continued)

Year ended March 31, 2002

(thousands of dollars)

1. Full-time equivalent (FTE) has been determined as follows:

	Hours
UNA contract staff	1,920.75
All other contracts and excluded staff	2,022.75

Total actual discrete number of individuals employed: 2002 – 1,777 (2001 - 1,731).

2. Salaries and honoraria include regular base pay, overtime, lump-sum payments, honoraria and any other direct cash remuneration including sick leave, short-term disability and vacation.

3. Benefits and allowances include the employer's share of all employee benefits and contributions made on behalf of employees, including pension, health care, dental coverage, out-of-country medical benefits, group life insurance, accidental death and dismemberment, long-term disability plans, Canada Pension Plan, unemployment insurance, workers' compensation, car benefits and allowances and tuition.

4. Severance includes all monies paid directly or on behalf of an employee upon termination, which are not included in salaries and benefits. The number of individuals receiving severances disclosed in the schedule is the discrete number of individuals.

5. On October 5, 2000, the Minister of Health and Wellness accepted the resignation of the Authority's board members and appointed two official administrators in their place.

6. On November 14, 2000, an Official Administrator was appointed Interim Chief Executive Officer following the resignation of the Chief Executive Officer.

7. The total amount is reported in Schedule 1 (Schedule of Expenses By Object of Expenditure).

MISTAHIA REGIONAL HEALTH AUTHORITY

Schedule 3

Three Year Summary of Revenues and Expenses

Period commencing April 1, 1999

	Actual			Pro-forma		
	2002	2001	2000	**2002**	2001	2000
			(thousands of dollars)			
REVENUES						
Alberta Health and Wellness contributions	**$ 96,326**	$ 87,424	$ 78,122	**$ 96,326**	$ 86,796	$ 77,377
Other government contributions	**466**	474	476	**466**	474	476
Fees and charges	**8,923**	7,974	7,606	**8,923**	8,001	7,593
Ancillary operations - net	**378**	372	336	**378**	376	338
Donations	**161**	110	93	**161**	125	97
Investment and other income	**3,110**	2,498	2,151	**3,110**	2,473	2,125
Amortization of external capital contributions	**5,328**	6,086	5,136	**5,328**	5,928	4,968
	114,692	104,938	93,920	**114,692**	104,173	92,974
EXPENSES						
Facility-based in-patient acute services	**28,609**	23,932	21,847	**28,609**	23,286	21,187
Facility-based emergency and out-patient services	**9,586**	6,652	5,788	**9,586**	7,502	6,468
Facility-based continuing care services	**10,205**	8,567	7,875	**10,205**	8,567	7,875
Community and home-based services	**6,630**	5,941	5,521	**6,630**	5,756	5,354
Diagnostic and therapeutic services	**21,056**	18,353	16,664	**21,056**	18,172	16,503
Promotion, prevention and protection services	**4,793**	4,055	3,359	**4,793**	4,101	3,403
Research and education	**31**	4	78	**31**	4	78
Administration	**7,635**	7,470	5,538	**7,635**	7,502	5,564
Information technology and we//net	**1,956**	1,979	1,747	**1,956**	1,981	1,749
Y2K remedial costs	**-**	234	1,180	**-**	234	1,180
Support services	**21,922**	20,733	19,214	**21,922**	20,202	18,646
Amortization of facilities and improvements	**3,763**	4,788	4,187	**3,763**	4,636	4,045
	116,186	102,708	92,998	**116,186**	101,943	92,052
(DEFICIENCY) EXCESS OF REVENUES OVER EXPENSES	**$ (1,494)**	$ 2,230	$ 922	**$ (1,494)**	$ 2,230	$ 922

Pro-forma information results from:

1. Rural on-call program which responsibility for program transferred from Alberta Health and Wellness to Regional Health Authorities beginning April 1, 2001. The effect of this transfer is shown as an increase to revenues and expenses of $820,974 in 2001 and $664,547 in 2000.
2. Boundary realignment effective April 1, 2001 (Note 26). The effect of the realignment is shown as a decrease to revenues and expenses of $1,585,785 in 2001 and $1,611,163 in 2000.

#14

PEACE REGIONAL HEALTH AUTHORITY

FINANCIAL STATEMENTS

MARCH 31, 2002

Statement of Management Responsibility

Statement of Financial Position

Statement of Operations

Statement of Changes in Net Assets

Statement of Cash Flows

Notes to the Financial Statements

Schedule 1 - Schedule of Expenses by Object

Schedule 2 - Schedule of Salaries, Honoraria, Benefits, Allowances and Severance

Schedule 3 - Three Year Summary of Revenue and Expenses

PEACE REGIONAL HEALTH AUTHORITY
MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING
FINANCIAL STATEMENTS
MARCH 31, 2002

The accompanying financial statements are the responsibility of management and have been approved by the Authority. The financial statements were prepared in accordance with Canadian Generally Accepted Accounting Principles and the Financial Directives issued by Alberta Health and Wellness, and of necessity include some amounts that are based on estimates and judgments.

To discharge its responsibility for the integrity and objectivity of financial reporting, management maintains a system of internal accounting controls comprising written policies, standards and procedures, a formal authorization structure, and satisfactory processes for reviewing internal controls. This system is designed to provide management with reasonable assurance that transactions are in accordance with governing legislation, are properly authorized, reliable financial records are maintained and assets are adequately accounted for and safeguarded. The Authority has established a code of ethics and corporate directives, which require communication of the code to employees.

The Authority members carry out their responsibility for the financial statements through the Authority. The Authority meets with management and the external auditor, **the Auditor General of Alberta** to discuss and review financial matters, and recommends the financial statements to the Peace Health Authority Board for approval. The external auditor has full and free access to the Board.

The external auditor, the Auditor General of Alberta, provides an independent audit of the financial statements. Their examination is conducted in accordance with Canadian Generally Accepted Auditing Standards and includes tests and other procedures, which allow them to report on the fairness of the financial statements prepared by management.

Brian Hrab
Chief Executive Officer

Kathy Maltais
Chief Financial Officer

AUDITOR
GENERAL
Alberta

AUDITOR'S REPORT

To the Members of the Board of Peace Regional Health Authority
and the Minister of Health and Wellness

I have audited the statement of financial position of the Peace Regional Health Authority ("the Authority") as at March 31, 2002 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Authority's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Authority as at March 31, 2002 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Fred J Dunn CA
Auditor General

Edmonton, Alberta
June 27, 2002

PEACE REGIONAL HEALTH AUTHORITY
STATEMENT OF FINANCIAL POSITION
MARCH 31, 2002

(thousands of dollars)

	2002 Actual	2001 Actual
ASSETS		
Current:		
Cash and temporary investments (Note 3)	$ 3,215	$ 4,337
Accounts receivable	966	435
Contributions receivable	335	336
Inventories	177	170
Prepaid expenses	119	69
Other assets (Note 6)	4	4
	4,816	5,351
Non-current cash and investments (Note 4)	18,582	11,342
Capital assets (Note 5)	57,814	43,717
Other assets (Note 6)	232	236
TOTAL ASSETS	$ 81,444	$ 60,646
LIABILITIES AND NET ASSETS		
Current:		
Accounts payable	$ 2,995	$ 2,804
Accrued vacation pay	1,713	1,304
Deferred contributions (Note 7)	340	49
	5,048	4,157
Deferred contributions (Note 7)	155	155
Deferred capital contributions (Note 8)	17,199	9,137
Unamortized external capital contributions (Note 9)	54,851	41,212
	77,253	54,661
Net assets:		
Unrestricted (Note 10)	-	1,430
Internally restricted (Note 11)	1,228	2,050
Investment in capital assets	2,963	2,505
	4,191	5,985
TOTAL LIABILITIES AND NET ASSETS	$ 81,444	$ 60,646

The accompanying notes and schedules are part of these financial statements.

PEACE REGIONAL HEALTH AUTHORITY
STATEMENT OF OPERATIONS
MARCH 31, 2002
(thousands of dollars)

	2002		2001
	Budget (Note 13)	Actual	Actual
Revenue			
Alberta Health and Wellness contributions (Note 14)	$ 28,701	$ 29,020	$ 23,676
Other government contributions (Note 15)	-	100	285
Fees and charges	1,607	1,549	1,499
Ancillary operations, net (Note 16)	95	78	78
Donations	200	105	15
Investment and other income (Note 17)	718	1,096	989
Amortization of external capital contributions, health operations (Note 9)	1,852	1,719	1,273
Gain on disposal of capital assets	-	6	-
TOTAL REVENUE	33,173	33,673	27,815
Expenses (Schedule 1)			
Facility-based inpatient acute care services	7,139	7,239	5,118
Facility-based emergency and outpatient services	1,603	2,240	944
Facility-based continuing care services	4,283	4,015	3,803
Community and home-based services	2,601	2,327	1,678
Diagnostic and therapeutic services	5,483	5,892	4,751
Promotion, prevention and protection services	2,152	2,126	1,841
Research and education	41	44	12
Administration (Note 18)	1,917	2,062	1,818
Information technology and wellnet (Note 19)	287	892	708
Support services (Note 20)	7,202	7,788	6,351
Amortization of facilities and improvements	1,014	888	751
TOTAL EXPENSES	33,722	35,513	27,775
Excess (deficiency) of revenue over expenses	$ (549)	$ (1,840)	$ 40

PEACE REGIONAL HEALTH AUTHORITY
STATEMENT OF CHANGES IN NET ASSETS
MARCH 31, 2002
(thousands of dollars)

	2002				2001
	Unrestricted (Note 10)	Internally Restricted (Note 11)	Invested in Capital Assets	Total	Total
Excess (deficiency) of revenue over expense	$ (1,840)	$ -	$ -	$ (1,840)	40
Capital assets purchased with internal funds	(899)	-	899	-	
Amortization on internally funded capital assets	485	-	(485)	-	
Disposal of assets	2	-	(2)	-	
Land acquired due to boundary realignment	-	-	46	46	
Net change	(2,252)	-	458	(1,794)	40
Transfer to unrestricted	822	(822)	-	-	
Balance at beginning of year	1,430	2,050	2,505	5,985	5,945
Balance at end of year	$ -	$ 1,228	$ 2,963	$ 4,191	5,985

PEACE REGIONAL HEALTH AUTHORITY
STATEMENT OF CASH FLOWS
MARCH 31, 2002
(thousands of dollars)

	2002		2001
	Budget	Actual	Actual
Cash generated from (used by):			
Operating activities:			
Excess (deficiency) of revenue over expenses	$ (549)	$ (1,840)	$ 40
Non-cash transactions:			
Amortization of capital equipment - internally funded	440	485	433
- externally funded	838	842	533
Amortization of facilities and improvements	1,014	888	751
Amortization of external capital contributions (Note 9)	(1,852)	(1,730)	(1,284)
Loss (gain) on disposal of capital equipment	-	(6)	-
	(109)	(1,361)	473
Change in non-cash working capital account	832	304	3,087
Cash generated (used by) operations	723	(1,057)	3,560
Investing activities:			
Other assets - repayment of long-term advance	4	4	4
Purchase of capital assets:	-	-	
internally funded	(876)	(899)	(545)
externally funded (Note 8) - equipment	(2,500)	(2,510)	(4,475)
- facilities & improvements	(8,000)	(8,043)	(8,343)
Boundary realignment assets acquired (note 24)	-	(4,862)	-
Proceeds on disposal of capital assets	-	8	-
Allocations to non-current cash	5,000	(7,240)	(1,410)
Cash used by investing activities	(6,372)	(23,542)	(14,769)
Financing activities:			
Capital contributions received	5,000	18,638	14,228
Repayment of capital contributions	-	(23)	-
Increase in amortized external capital contributions on boundary realignment (Note 24)	-	4,816	-
Increase in net assets on boundary realignment (Note 24)	-	46	-
Cash generated from financing activities	5,000	23,477	14,228
Increase (decrease) in cash and temporary investments	(649)	(1,122)	3,019
Cash and temporary investments, beginning of year	4,337	4,337	1,318
Cash and temporary investments, end of year	$ 3,688	$ 3,215	$ 4,337

PEACE REGIONAL HEALTH AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2002
(thousands of dollars)

Note 1 Authority, Purpose and Operations

The Peace Regional Health Authority (the "Authority") was established on June 24, 1994 under the Authority of the Regional Health Authorities Act, Chapter R-10, Revised Statutes of Alberta 2000. The Authority is exempt from payment of income tax and is a registered charity under the Income Tax Act.

The Authority is responsible for delivering appropriate, accessible and affordable health services in Alberta. This responsibility includes operating programs designed to promote, protect, maintain, restore and enhance physical and mental well-being.

The Authority's operations include the following facilities and sites:

Manning Community Health Centre
Peace River Community Health Centre
Sacred Heart Community Health Centre
Grimshaw/Berwyn Community Health Centre

Note 2 Significant Accounting Policies and Reporting Practices

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles and the reporting requirements of Financial Directive 19 issued by Alberta Heath and Wellness. Following are the significant accounting policies:

(a) Basis of Presentation

These financial statements were prepared using the deferral method, the key elements of which are:

(i) Unrestricted operating grants and other contributions are recognized as revenue in the year receivable.

(ii) Externally restricted non-capital contributions are recognized as revenue in the year proportional to the related expenses incurred.

(iii) Externally restricted capital contributions are recorded as deferred capital contributions until invested in capital assets. Amounts invested, representing externally funded capital assets, are then transferred to unamortized external capital contributions. Unamortized external capital contributions are recognized as revenue in the period in which the related amortization expense of the funded capital asset is recorded.

(iv) Endowments and restricted contributions to purchase capital assets which will not be amortized are recorded as direct increases to net assets.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(v) Unrestricted investment income is recognized in the year earned.

(vi) Investment income subject to external restrictions is, depending on the nature of the restriction, recorded as a direct increase to net assets, or deferred and recognized as revenue in the year the related expenses are incurred.

(vii) Donations and contributions in kind are recorded at fair value when such value can reasonably be determined.

(b) Full cost

The Authority accounts for all costs and revenue related to services for which it is responsible.

The fair value of costs of services is recorded. Fair value transactions consist of the following:

(i) Revenue earned by contracted health service operators from Ministry of Health and Wellness designated fees and charges are recorded as fees and charges of the Authority. An equivalent amount is recorded as contracted health service expense of the Authority.

(ii) Alberta Health and Wellness payments directly to contracted health service operators are recorded as revenue and an equivalent amount recorded as program expense as these payments represent part of the cost of the Authority's health programs.

(iii) The fair value for use of acute care facilities not owned by the Authority is recorded as revenue from other government contributions or donations, and also as program expense, since contract payments from the Authority do not include an amount for use of these facilities.

(iv) The fair value for use of non-acute care facilities not owned by the Authority and provided to the Authority at zero or nominal rent is recorded as other government contributions and as program expense.

(v) Other assets, supplies and service contributions that would otherwise have been purchased are recorded as revenue and expenses, at fair value at the date of contribution when a fair value can be reasonably determined. The value of volunteers' contributed services is not reported in the financial statements because a fair value cannot be reasonably determined.

(c) Employee Future Benefits

The Authority participates in the Local Authorities Pension Plan. This is a multi-employer defined benefit pension plan that provides pensions for the Authority's participating employees, based on years of service and earnings.

Defined contribution plan accounting is applied to a multi-employer defined benefit plan for which the authority has insufficient information to apply defined benefit plan accounting

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(c) Employee Future Benefits (continued)
Pension costs in the financial statements comprise the employer's contributions required for its employees during the year, based on rates expected to provide benefits payable under the Local Authorities Pension Plan. The Authority does not record its portion of the Plan's deficit or surplus.

The Authority fully accrues its obligations for employee non-pension future benefits.

(d) Investments

Temporary investments are recorded at lower of cost and market.

Non-current investments are recorded at cost unless there has been a permanent reduction in value. At that time, the value is reduced. Any discounts or premiums arising on purchase are amortized on a straight-line basis over the maturity period. Gains or losses on disposal are recognized in the period of disposal.

(e) Financial instruments

The carrying value of accounts receivable, contributions receivable, accounts payable and accrued liabilities approximates their fair value because of the short-term maturity of these items.

(f) Inventories

Inventories are valued at the lower of cost or net realizable value.

(g) Capital Assets

Capital assets and construction projects in progress are recorded at cost. Capital assets with unit costs less than $5,000 are expensed.

Capital assets are amortized over their estimated useful lives on a straight-line basis as follows:

	Useful Life
Buildings	40 years
Land improvements	20 years
Building service equipment	20 years
Vehicles and equipment	5 - 20 years

Construction projects in progress are not amortized until the project is complete.

(h) Measurement Uncertainty

The financial statements by their nature, contains estimates and are subject to measurement uncertainty. The amounts recorded for amortization of capital assets and amortization of external capital contributions are based on estimates of the useful life of related assets. Actual results could differ from these estimates. Also, the Authority is currently included in the Goods and Services (GST) free list of Alberta Government entities and therefore does not record or pay GST on purchased supplies and services. This situation could change in future if the Authority ceases to be part of the GST free list of Alberta Government.

Note 3 Cash and Temporary Investments

(thousands of dollars)

	2002	2001
Cash	$ 17,914	$ 11,064
Guaranteed investment certificates	3,883	4,615
	$ 21,797	$ 15,679

Guaranteed investment certificates are as follows:

$3,883 at an average rate of 6%, matures November 9, 2004

Guaranteed investment certificates are guaranteed by the province of Alberta.

Cash and investments are presented on the statement of financial position as follows:

	2002	2001
Cash and temporary investments	$ 3,215	$ 4,337
Non-current cash and investments (Note 4)	18,582	11,342
	$ 21,797	$ 15,679

Income and financial returns are exposed to credit and price risks. Credit risk relates to the possibility that a loss may occur when another party fails to perform according to terms of the contract. Price risk comprises interest rate risk and market risk. Interest rate risk relates to the possibility that investments will change in value with future fluctuations in market interest rates. Market risk relates to the possibility that investments will change in value due to fluctuations in market prices.

To earn optimal financial returns at an acceptable level of risk, management has invested in five-year term certificates.

Note 4 Non-Current Cash and Investments

(thousands of dollars)

	2002	2001
Externally restricted for capital acquisitions	$ 17,199	$ 9,137
Health Aging Partnership Initiatives	155	155
Internally restricted for capital acquisitions	785	785
Internally restricted for community capital funds	443	1,265
	$ 18,582	$ 11,342

Note 5 Capital Assets

(thousands of dollars)

	2002			2001
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	$ 1,051	$ -	$ 1,051	$ 1,005
Land improvements	888	850	38	4
Buildings	39,764	21,133	18,631	14,928
Equipment	14,473	7,553	6,920	4,612
Construction in progress	31,174	-	31,174	23,168
	$ 87,350	$ 29,536	$ 57,814	$ 43,717

Capital assets have been funded from the following sources:

	2002	2001
Externally funded (*unamortized external capital contributions*)	$ 54,851	$ 41,212
Internally funded (*invested in capital assets*)	2,963	2,505
	$ 57,814	$ 43,717

Note 6 Other Assets

The Authority has advanced $250,000 to the Falher and Area Community Association for professional services to finance a medical clinic. The advance is secured by a first charge on the land, building, furniture and equipment, and a general security agreement. Repayment terms require blended monthly payments of $1,448 principal and interest at the rate 5.75%, with an interest renewal date in March of the year 2003. The advance is repayable over thirty years commencing in 1999.

	2002	2001
	(thousands of dollars)	
Current portion	$ 4	$ 4
Long term portion	232	236
Total amount due to the Authority	$ 236	$ 240

Note 7 Deferred Contributions

(thousands of dollars)

	2002	2001
Amounts received from		
Alberta Health and Wellness	$ 1,020	$ -
Other government	-	54
Donors	250	-
Amounts recognized as revenue		
Alberta Health and Wellness (Note 14)	(890)	(12)
Other government (Note 15)	-	(160)
Donors	(88)	-
Amounts refunded to contributors	-	(18)
Amounts transferred (to) from deferred capital contributions (Note 8)	(1)	120
Change during the year	291	(16)
Balance, beginning of year	204	220
	$ 495	$ 204

Unspent amounts at the end of the year are restricted for the following purposes

	2002	2001
Current		
Archival blood project	$ 25	$ 25
Children's Health Initiative	3	-
CT Scan	181	-
Inpatient records	-	20
Software licenses	4	4
Telehealth	26	-
Young Family Wellness	101	-
	$ 340	$ 49
Long-term		
Healthy Aging Partnership Initiatives	155	155
	$ 495	$ 204

Note 8 Deferred Capital Contributions

(thousands of dollars)

The deferred capital contributions balance represents amounts accounted for in accordance with the accounting policy described in Note 2a(iii)

	2002	2001
Amounts received		
Restricted Alberta Health and Wellness contributions	$ 353	$ 2
Restricted other government contributions	18,170	14,259
Transferred (to) from deferred contributions (Note 7)	1	(120)
Donations restricted for capital purposes	114	87
	$ 18,638	$ 14,228
Amounts repaid to Alberta Health and Wellness	(23)	-
Transferred to unamortized capital contributions (Note 9)	(10,553)	(12,818)
Change during the year	8,062	1,410
Balance, beginning of year	9,137	7,727
	$ 17,199	$ 9,137

Balance at the end of the year is restricted for the following purposes

	2002	2001
New construction	$ 15,122	$ 7,701
Community funds restricted for capital purposes	831	810
Equipment	1,246	626
	$ 17,199	$ 9,137

Note 9 Unamortized External Contributions

(thousands of dollars)

Unamortized external capital contributions reflect transactions accounted for in accordance with the accounting policy described in Note 2a (iii). The balance at the end of the year represents the external capital contribution to be recognized as revenue in future years.

	2002	2001
Balance, beginning of year	$ 41,212	$ 29,678
Transfers from deferred capital contributions (Note 8)	10,553	12,818
Transfers due to boundary realignment (Note 24)	4,816	-
	$ 56,581	$ 42,496
Less amounts recognized as revenue:		
Health operations	(1,719)	(1,273)
Ancillary operations	(11)	(11)
Balance, end of year	$ 54,851	$ 41,212

Note 10 Unrestricted and Internally restricted net assets

(thousands of dollars)

The unrestricted and internally restricted net assets balance can be analyzed as follows:

	2002	2001
Unrestricted and internally restricted net assets at regionalization April 1, 1995	$ 2,788	$ 2,788
Changes since regionalization:		
Cumulative operating surplus	807	2,647
Invested in capital assets (net of amortization)	(2,367)	(1,955)
Balance	$ 1,228	$ 3,480
Unrestricted	$ -	$ 1,430
Internally restricted	1,228	2,050
	$ 1,228	$ 3,480

Note 11 Internally restricted net assets

(thousands of dollars)

The Authority has internally restricted the following amounts for:

	2002	2001
Future equipment replacement	$ 785	$ 785
Community funds restricted for capital purposes	443	1,265
	$ 1,228	$ 2,050

Note 12 Commitments and Contingencies

The Authority is replacing the Peace River Community Health Centre with a new facility estimated to cost $28 million. The Minister of Health and Wellness and the Minister of Infrastructure have committed the Province to funding support of $27 million. At March 31, 2002, the Authority has expended approximately $27 million in construction costs and has unspent funds of $345,000 provided by Alberta Infrastructure. Equipment costing approximately $3.9 million has been put into operation and no longer forms part of the cost of construction in progress.

The Authority is replacing the Manning Community Health Centre with a new facility estimated to cost $18 million. The Minister of Health and Wellness and the Minister of Infrastructure have committed the Province to full funding support. At March 31, 2002, the Authority has expended approximately $7.6 million in construction costs and has unspent funds of $10.4 million provided by Alberta Infrastructure.

The Authority is replacing the Peace River Community Health Centre Continuing Care facility estimated to cost $6 million. The Minister of Health and Wellness and the Minister of Infrastructure have committed the Province to full funding support. At March 31, 2002, the Authority has expended approximately $0.5 million in construction costs and has unspent funds of $5.5 million provided by Alberta Infrastructure.

Note 13 Budget

(thousands of dollars)

	Approved Budget
Revenue:	
Alberta Health and Wellness Contributions	$ 28,701
Other government contributions	-
Fees and charges	1,607
Ancillary operations, net	95
Donations	200
Investment and other revenue	718
Amortization of external capital contributions	1,852
Total Revenue	$ 33,173
Expenses:	
Facility Based inpatient acute care services	$ 7,139
Facility based emergency and outpatient services	1,603
Facility based continuing care services	4,283
Community and home based services	2,601
Diagnostic and therapeutic services	5,483
Promotion, prevention and protection services	2,152
Research and education	41
Administration	1,917
Information technology and wellnet	287
Support services	7,202
Amortization of facilities and improvements	1,014
Total Expenses	$ 33,722
Deficiency of revenue over expenses	$ (549)

The budget was approved by the Board of the Authority on November 14, 2001, and approved by the Minister of Health and Wellness on December 18, 2001. The approved budget includes the effects of boundary changes and reduction in the funding from the Minister of Health and Wellness.

Note 14 Alberta Health and Wellness Contributions

(thousands of dollars)

	Budget	2002	2001
Unrestricted contributions	$ 28,701	$ 28,130	$ 23,664
Transfers from deferred contributions (Note 7)	-	890	12
	$ 28,701	$ 29,020	$ 23,676

Note 15 Other Government Contributions

(thousands of dollars)

	Budget	2002	2001
Federal government	$ -	$ 100	$ 160
Alberta Infrastructure, unrestricted	-	-	125
	$ -	$ 100	$ 285

Note 16 Ancillary Operations

(thousands of dollars)

	2002				2001
	Food Services	Other	Total	Budget	Total
Revenue					
Revenue	$ 341	$ 65	$ 406	$ 400	$ 345
Amortization	11	-	11	11	11
	352	65	417	$ 411	356
Expenses					
Other expenses	256	63	319	$ 291	258
Amortization	20	-	20	25	20
	276	63	339	$ 316	278
Excess of revenue over direct expenses 2001 02	$ 76	$ 2	$ 78	$ 95	$ 78
Excess of revenue over direct expenses 2000 01	$ 61	$ 17	$ 78		

Note 17 Investment and other income

(thousands of dollars)

	Budget	2002	2001
Other unrestricted investment income	$ 350	$ 344	$ 350
Other income	368	752	639
	$ 718	$ 1,096	$ 989

Investment income comprises interest on guaranteed investment certificates. Other income is comprised of miscellaneous recoveries, and miscellaneous fees for services rendered by the Authority.

Note 18 Administration

(thousands of dollars)

	Budget	2002	2001
General administration	$ 1,313	$ 1,488	$ 1,234
Finance	391	386	376
Personnel	213	188	208
	$ 1,917	$ 2,062	$ 1,818

Note 19 Information technology and Alberta Wellnet

(thousands of dollars)

	Budget	2002	2001
Alberta Wellnet	$ 20	$ -	$ 100
Information systems support	267	892	608
	$ 287	$ 892	$ 708

Alberta Wellnet is the province-wide, strategic initiative to build a health information network. The initiative brings together a broad spectrum of health professionals to use information technology to improve health service delivery to all Albertans.

Note 20 Support Services

(thousands of dollars)

	Budget	2002	2001
Amortization	$ 184	$ 187	$ 189
Building maintenance, operations and security	1,548	1,570	1,523
Communications	232	337	265
Education	211	219	153
Housekeeping	982	1,128	828
Laundry and linen	466	490	452
Materiels management	447	472	369
Patient food services	1,719	1,711	1,364
Patient health records	952	1,132	789
Patient transportation	390	475	361
Volunteer services	71	67	58
	$ 7,202	$ 7,788	$ 6,351

Note 21 Related Parties

(a) Province of Alberta

The Authority is established under the Regional Health Authorities Act. Two-thirds of the members of the Authority are elected. The Minister of Health and Wellness appoints the remaining members. Transactions between the Authority and the Province are disclosed in the Statement of Operations and in notes 7,8,14 and 15 to the financial statements.

(b) Foundations

The following controlled foundations, in which the Authority has an economic interest, are not consolidated in these statements.

Grimshaw Berwyn Foundation	2002	2001
	(thousands of dollars)	
Total assets	$ 236	$ 224
Total liabilities	(1)	(1)
Net assets	$ 235	$ 223
Revenue	$ 19	$ 17
Expenses	7	23
Excess of revenue over expenses	$ 12	$ (6)

Peace Health Region Foundation	2002	2001
	(thousands of dollars)	
Total assets	$ 15	$ -
Total liabilities	-	-
Net assets	$ 15	$ -
Revenue	$ 16	$ -
Expenses	1	-
Excess of revenue over expenses	$ 15	$ -

	Contributions received by Peace Regional Health Authority Year ended March 31, 2002		Resources held by Foundations at March 31, 2002	
	2002	2001	Externally Restricted	Unrestricted
	(thousands of dollars)		(thousands of dollars)	
Grimshaw Berwyn	$ 25	$ -	$ 5	$ 230
Peace Health Region	-	-	15	-
	$ 25	$ -	$ 20	$ 230

Note 21 Related Parties (continued)

Resources of the Grimshaw Berwyn Foundation amounting to $5,000 have been restricted by donors for the exclusive use of Grimshaw Berwyn facility.
Resources of the Peace Health Region Foundation amounting to $15,000 have been restricted by donors for the exclusive use of Manning, McLennan and Peace River facilities.

Contributions include externally restricted amounts for equipment, programs research, and education for specific communities supported by the foundations.

The value of administrative support provided to foundations, and accounts receivable from (payable to) the foundations at year-end are as follows:

	Administrative Support Year ended March 31, 2002		Accounts Receivable (Payable) at March 31, 2002	
	2002	2001	2002	2001
Grimshaw Berwyn	$ -	$ -	$ -	$ -
Peace Health Region	-	-	-	-
	$ -	$ -	$ -	$ -

Note 22 Pension costs

(thousands of dollars)

The Authority participated in the Local Authorities Pension Plan which is a multi-employer defined benefits plan. Pension expense in these financial statements is equal to the Authority's annual contributions payable of $748 for the year ended March 31, 2002 (2001 $651).

At December 31, 2001, the Local Authorities Pension Plan reported a surplus of $635 (2000 $884).

Note 23 Physician Payments

(thousands of dollars)

The cost of physician fees paid by Alberta Health and Wellness for services rendered to the residents of the Peace Health Region amounted to $7,727 (2001 $5,849). These amounts are not reflected in the financial statements.

Note 24 Boundary Realignment
(thousands of dollars)

During the year, the Minister of Health and Wellness announced a realignment to the boundaries of the Peace Health and Mistahia regions. This resulted in an increase in the geographic size of the Peace Health Region. The operations of the Grimshaw/Berwyn District Hospital was transferred from the Mistahia Health Region to the Peace Regional Health Authority.

The following assets were transferred at net book value:

Land	$ 46
Buildings	4,585
Equipment	231
	$ 4,862

The net results of this transfer were:

Increase in unamortized external capital contributions (Note 9)	$ 4,816
Increase in investment in capital assets	46
	$ 4,862

Note 25 Approval of Financial Statements

These financial statements have been approved by the Authority.

Schedule 1

PEACE REGIONAL HEALTH AUTHORITY
SCHEDULE OF EXPENSES BY OBJECT
FOR YEAR ENDED MARCH 31, 2002
(thousands of dollars)

	Budget	2002	2001
Salaries, honoraria, benefits, allowances and severance (Schedule 2)	$ 21,807	$ 24,103	$ 18,704
Consulting services	1,328	1,870	792
Drugs, gases, medical and surgical supplies	979	1,271	986
Other	7,655	6,393	5,854
Amortization:			
Capital equipment - internally funded	440	485	433
Capital equipment - externally funded	838	842	533
Facilities and improvements	1,014	888	751
	34,061	35,852	28,053
Less amounts reported in ancillary operations (Note 16)	(339)	(339)	(278)
	$ 33,722	$ 35,513	$ 27,775

Schedule 2

PEACE REGIONAL HEALTH AUTHORITY
SCHEDULE OF SALARIES, HONORARIA, BENEFITS, ALLOWANCES AND SEVERANCE
FOR THE YEAR ENDED MARCH 31, 2002
(thousands of dollars)

	2002							2001			
					Severance						
	Number of Individuals(1)	Salaries and Honoraria (2)	Benefits and Allowances(3)	Sub-total	Number of Individuals	Amount	Total	Number of Individuals(1)	Salaries, Benefits, Honoraria(2, 3)	Severance	Total
Authority/Board Compensation											
RHA CHAIRPERSON ERIC WAHL	1	$ 8		$ 8			$ 8	1	$ 33	-	$ 33
A. ATKINSON	1	1		1			1	1	4	-	4
D. FRITH	1	7		7			7	1	7	-	7
K. GALL	1	9		9			9	1	8	-	8
D. HARBOURNE	1	10		10			10	1	10	-	10
C. JONES	1	1		1			1	1	9	-	9
RHA CHAIRPERSON B. KRUSE	1	13		13			13	1	6	-	6
M. LABOUCAN	1	1		1			1	1	2	-	2
L. MEARDI	1	5		5			5	1	7	-	7
F. TURCOTTE	1	4		4			4	1	4	-	4
J. BLAYONE	1	1		1			1				
C. JOHNSSON	1	4		4			4				
J. COLE	1	4		4			4				
Total honoraria	13	69		69			69	10	90		90
Staff											
Chief Executive Officer	1.0	108	16	124			124	1.0	106		106
Management person(s) reporting to the CEO											
Senior Management Team	1.0	87	12	99			99	1.0	96		96
Senior Management Team	1.0	92	12	103			103	1.0	96		96
Senior Management Team	1.0	92	12	104			104	1.0	96		96
Senior Management Team	0.5	46	12	58			58		2		2
Other management person(s) reporting directly to those above (avg. 2002 $91; avg. 2001 $76)	8.0	630	97	727			727	7.0	530		530
Regulated nurses not included above (avg. 2002 $75; avg. 2001 $60)	134.9	8,733	1,345	10,078			10,078	122.7	7,379		7,379
Other health technical and professionals (avg. 2002 $77; avg. 2001 $55)	50.5	3,393	510	3,903			3,903	46.8	3,123		3,123
Unregulated health service providers (avg. 2002 $31; avg. 2001 $30)	81.0	2,142	334	2,476			2,476	70.8	2,160		2,160
Other staff (avg. 2002 $37; avg. 2001 $33)	169.4	5,490	863	6,353	1	9	6,362	149.8	5,026		5,026
Subtotal	448.3	20,813	3,211	24,025	1	9	24,034	401	18,614		18,614
Total	461.3	20,882	3,211	24,094	1	9	24,103	411.1	18,704		18,704

Schedule 2 (continued)

SCHEDULE OF SALARIES, HONORARIA, BENEFITS, ALLOWANCES AND SEVERANCE
FOR THE YEAR ENDED MARCH 31, 2002

1. Full time equivalent (FTE) is determined as follows:
   a) For those employees governed by the UNA and UNA Community collective bargaining agreement, an FTE is considered to be 1920 hours of work per annum.
   b) For all other employees, an FTE is considered to be 2023 hours of work per annum.

   Total actual discrete number of individuals employed: 731 (2001 670.)

2. Salaries include regular base pay, overtime, lumpsum payments, honoraria and any other direct cash remuneration including sick leave, short-term disability and vacation.

3. Benefits and allowances include the employer's share of employee benefits and contributions on behalf of employees including pension, health care, dental coverage, out-of-country medical benefits, group life insurance, accidental death and dismemberment, long-term disability plans, Canada Pension Plan, unemployment insurance, workers compensation, car benefits and allowances and tuition.

4. Severance includes:

   All monies paid or payable directly or on behalf of an employee upon termination which are not included in salaries and benefits; and forgiveness of debt; future payments in the amount of $xxx on existing contracts between the Authority Board and the employee(s) for services that no longer will be provided by the employee; continued payment for Authority Board share of benefits identified in 2 above, that will continue to be paid and outplacement training and counselling, office space and administrative support.

5. The total amount is reported in Schedule 1.

Schedule 3

PEACE REGIONAL HEALTH AUTHORITY
THREE YEAR SUMMARY OF REVENUE AND EXPENSES
(thousands of dollars)

	Actual			Pro-forma		
	2002	2001	2000 As restated	2002	2001	2000
Revenue						
Alberta Health and Wellness contributions	$ 29,020	$ 23,676	$ 21,955	$ 29,020	$ 26,183	$ 24,363
Other government contributions	100	285	20	100	285	20
Fees and charges	1,549	1,499	1,553	1,549	1,580	1,655
Ancillary operations, net	78	78	56	78	78	56
Donations	105	15	135	105	15	135
Investment and other income	1,096	989	857	1,096	1,017	885
Amortization of external capital contributions	1,719	1,273	1,021	1,719	1,489	1,237
Gain on Disposal of Capital Assets	6	-	15	6	-	15
TOTAL REVENUE	$ 33,673	$ 27,815	$ 25,612	$ 33,673	$ 30,647	$ 28,366
Expenses						
Facility-based inpatient acute care services	7,239	5,118	4,717	7,239	5,990	5,572
Facility-based emergency and outpatient services	2,240	944	836	2,240	1,390	1,270
Facility-based continuing care services	4,021	3,803	3,736	4,021	3,803	3,736
Community and home-based services	2,327	1,678	1,434	2,327	1,865	1,603
Diagnostic and therapeutic services	5,892	4,751	4,166	5,892	5,098	4,478
Promotion, prevention and protection services	2,126	1,841	1,578	2,126	1,841	1,578
Research and education	44	12	61	44	12	61
Administration	2,015	1,818	1,704	2,015	1,825	1,711
Information technology and wc net	892	708	347	892	708	347
Y2K remedial costs	-	-	213	-	-	213
Support services	7,829	6,351	5,740	7,829	7,124	6,517
Amortization of facilities and improvements	888	751	762	888	951	962
TOTAL EXPENSES	$ 35,513	$ 27,775	$ 25,294	$ 35,513	$ 30,607	$ 28,048
Excess (deficiency) of revenue over expenses	$ (1,840)	$ 40	$ 318	$ (1,840)	$ 40	$ 318

Proforma information results from:

a) Boundary change effective April 1, 2001 for the transfer of health services in the Grimshaw Berwyn community from Mistahia Regional Health Authority
Proforma revenues and expenses have been increased by $2,832 for 2001 and $2,754 for 2000

b) Transfer of Rural Physician On-call payments from Alberta Health and Wellness effective April 1, 2001
Proforma revenues and expenses have increased by $446 for 2001 and by $434 for 2000

Keeweetinok Lakes
Regional Health
Authority #15
Financial Statements
March 31, 2002

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AUDITOR
GENERAL
Alberta

AUDITOR'S REPORT

To the Members of the Keeweetinok Lakes Regional Health Authority #15
and the Minister of Health and Wellness

I have audited the statement of financial position of the Keeweetinok Lakes Regional Health Authority #15 (the "Authority") as at March 31, 2002 and the statements of operations, changes in net assets, and cash flows for the year then ended. These financial statements are the responsibility of the Authority's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Authority as at March 31, 2002 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Fred J Dunn CA
Auditor General

Edmonton, Alberta
June 14, 2002

Keeweetinok Lakes Regional Health Authority #15
Management's Responsibility for Financial Reporting
Financial Statements
March 31, 2002

The accompanying financial statements are the responsibility of management and have been approved by the Authority. The financial statements were prepared in accordance with Canadian Generally Accepted Accounting Principles and the Financial Directives issued by Alberta Health and Wellness, and of necessity include some amounts that are based on estimates and judgements.

To discharge its responsibility for the integrity and objectivity of financial reporting, management maintains a system of internal controls comprising written policies, standards and procedures, a formal authorization structure, and satisfactory processes for reviewing internal controls. This system is designed to provide management with reasonable assurance that transactions are in accordance with governing legislation, are properly authorized, reliable financial records are maintained, and assets are adequately accounted for and safeguarded. The Authority has established a code of ethics and corporate directives, which require communication of the code to employees.

The Authority members carry out their responsibility for the financial statements through the Committee of the Whole. This Committee meets with management and the external auditor, the Auditor General of Alberta, to discuss and review financial matters. The Auditor General has full and free access to the Committee of the Whole.

The Auditor General of Alberta, provides an independent audit of the financial statements. His examination is conducted in accordance with Canadian Generally Accepted Auditing Standards and includes tests and other procedures, which allow them to report on the fairness of the financial statements prepared by management.

Ron Benson
Chief Executive Officer

Trevor McLeod
Chief Financial Officer

Keeweetinok Lakes Regional Health Authority #15
Statement of Financial Position

March 31, 2002

(Thousands of dollars)

	2002	2001
Assets		
Current		
Cash and investments (Note 3)	$ 944	$ 1,586
Accounts receivable	987	759
Contributions receivable	200	350
Inventories	302	235
Prepaid expenses	101	68
	2,534	2,998
Non-current cash and investments (Note 4)	5,238	7,085
Non-current receivable	522	-
Capital assets (Note 5)	30,112	29,925
Total assets	$ 38,406	$ 40,008
Liabilities		
Current		
Accounts payable	$ 1,111	$ 919
Accrued vacation pay	1,093	897
Deferred contributions (Note 6)	701	1,231
	2,905	3,047
Deferred capital contributions (Note 7)	1,217	1,408
Unamortized external capital contributions (Note 8)	26,734	26,813
	30,856	31,268
Net assets		
Unrestricted (Note 9)	3,071	4,250
Internally restricted (Note 10)	1,101	1,378
Investments in capital assets	3,378	3,112
	7,550	8,740
Total liabilities and net assets	$ 38,406	$ 40,008

The accompanying notes and schedules are part of these financial statements.

Keeweetinok Lakes Regional Health Authority #15
Statement of Operations

Year Ended March 31, 2002
(Thousands of dollars)

	2002		2001
	Budget (Note 11)	Actual	Actual
Revenue			
Alberta Health and Wellness contributions (Note 12)	$ 21,768	$ 22,097	$ 19,940
Other Government contributions (Note 13)	750	572	572
Fees and charges	1,400	1,059	1,838
Ancillary operations, net (Note 14)	-	(94)	(61)
Donations	350	189	297
Investment and other income (Note 15)	1,372	886	1,115
Amortization of external capital contributions, general operations (Note 8)	1,250	1,141	1,050
	26,890	25,850	24,751
Expenses (Schedule 1)			
Facility based inpatient acute services	5,177	4,451	4,082
Facility based emergency and outpatient services	2,345	2,616	2,132
Facility based continuing care services	1,935	1,891	1,649
Community and home based services	1,470	1,327	1,282
Diagnostic and therapeutic services	3,960	4,029	3,666
Promotion, prevention and protection services	2,350	2,051	1,800
Administration (Note 16)	1,635	1,839	1,445
Information technology and we net (Note 17)	675	579	742
Y2K remedial costs	-	-	53
Support services (Note 18)	6,850	7,394	6,709
Amortization of facilities and improvements	845	863	884
	27,242	27,040	24,444
Excess (deficiency) of revenue over expenses	$ (352)	$ (1,190)	$ 307

The accompanying notes and schedules are part of the financial statements.

AUDITOR
GENERAL
Alberta

AUDITOR'S REPORT

To the Members of the Keeweetinok Lakes Regional Health Authority #15
and the Minister of Health and Wellness

I have audited the statement of financial position of the Keeweetinok Lakes Regional Health Authority #15 (the "Authority") as at March 31, 2002 and the statements of operations, changes in net assets, and cash flows for the year then ended. These financial statements are the responsibility of the Authority's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Authority as at March 31, 2002 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Fred J Dunn CA
Auditor General

Edmonton, Alberta
June 14, 2002

Keeweetinok Lakes Regional Health Authority #15
Management's Responsibility for Financial Reporting
Financial Statements
March 31, 2002

The accompanying financial statements are the responsibility of management and have been approved by the Authority. The financial statements were prepared in accordance with Canadian Generally Accepted Accounting Principles and the Financial Directives issued by Alberta Health and Wellness, and of necessity include some amounts that are based on estimates and judgements.

To discharge its responsibility for the integrity and objectivity of financial reporting, management maintains a system of internal controls comprising written policies, standards and procedures, a formal authorization structure, and satisfactory processes for reviewing internal controls. This system is designed to provide management with reasonable assurance that transactions are in accordance with governing legislation, are properly authorized, reliable financial records are maintained, and assets are adequately accounted for and safeguarded. The Authority has established a code of ethics and corporate directives, which require communication of the code to employees.

The Authority members carry out their responsibility for the financial statements through the Committee of the Whole. This Committee meets with management and the external auditor, the Auditor General of Alberta, to discuss and review financial matters. The Auditor General has full and free access to the Committee of the Whole.

The Auditor General of Alberta, provides an independent audit of the financial statements. His examination is conducted in accordance with Canadian Generally Accepted Auditing Standards and includes tests and other procedures, which allow them to report on the fairness of the financial statements prepared by management.

Ron Benson
Ron Benson
Chief Executive Officer

Trevor McLeod
Chief Financial Officer

Keeweetinok Lakes Regional Health Authority #15
Statement of Financial Position

March 31, 2002

(Thousands of dollars)

	2002	2001
Assets		
Current		
Cash and investments (Note 3)	$ 944	$ 1,586
Accounts receivable	987	759
Contributions receivable	200	350
Inventories	302	235
Prepaid expenses	101	68
	2,534	2,998
Non-current cash and investments (Note 4)	5,238	7,085
Non-current receivable	522	-
Capital assets (Note 5)	30,112	29,925
Total assets	$ 38,406	$ 40,008
Liabilities		
Current		
Accounts payable	$ 1,111	$ 919
Accrued vacation pay	1,093	897
Deferred contributions (Note 6)	701	1,231
	2,905	3,047
Deferred capital contributions (Note 7)	1,217	1,408
Unamortized external capital contributions (Note 8)	26,734	26,813
	30,856	31,268
Net assets		
Unrestricted (Note 9)	3,071	4,250
Internally restricted (Note 10)	1,101	1,378
Investments in capital assets	3,378	3,112
	7,550	8,740
Total liabilities and net assets	$ 38,406	$ 40,008

The accompanying notes and schedules are part of these financial statements.

Keeweetinok Lakes Regional Health Authority #15
Statement of Operations

Year Ended March 31, 2002
(Thousands of dollars)

	2002		2001
	Budget (Note 11)	Actual	Actual
Revenue			
Alberta Health and Wellness contributions (Note 12)	$ 21,768	$ 22,097	$ 19,940
Other Government contributions (Note 13)	750	572	572
Fees and charges	1,400	1,059	1,838
Ancillary operations, net (Note 14)	-	(94)	(61)
Donations	350	189	297
Investment and other income (Note 15)	1,372	886	1,115
Amortization of external capital contributions, general operations (Note 8)	1,250	1,141	1,050
	26,890	25,850	24,751
Expenses (Schedule 1)			
Facility based inpatient acute services	5,177	4,451	4,082
Facility based emergency and outpatient services	2,345	2,616	2,132
Facility based continuing care services	1,935	1,891	1,649
Community and home based services	1,470	1,327	1,282
Diagnostic and therapeutic services	3,960	4,029	3,666
Promotion, prevention and protection services	2,350	2,051	1,800
Administration (Note 16)	1,635	1,839	1,445
Information technology and we net (Note 17)	675	579	742
Y2K remedial costs	-	-	53
Support services (Note 18)	6,850	7,394	6,709
Amortization of facilities and improvements	845	863	884
	27,242	27,040	24,444
Excess (deficiency) of revenue over expenses	$ (352)	$ (1,190)	$ 307

The accompanying notes and schedules are part of the financial statements.

Keeweetinok Lakes Regional Health Authority #15
Statement of Changes in Net Assets
March 31, 2002
(thousands of dollars)

	2002				2001
	Unrestricted (Note 9)	Internally Restricted (Note 10)	Invested in Capital Assets	Total	Total
Excess (deficiency) of revenue over expenses	$ (1,190)	$ -	$ -	$ (1,190)	$ 307
Capital assets purchased with internal funds	-	(1,108)	1,108	-	-
Net book value of assets disposed of	11	-	(11)	-	-
Amortization on internally funded capital assets	831	-	(831)	-	-
Transfer to internally restricted	(831)	831	-	-	-
Net change to unrestricted net assets	(1,179)				
Balance at beginning of year	4,250	1,378	3,112	8,740	8,433
Balance at end of year	$ 3,071	$ 1,101	$ 3,378	$ 7,550	$ 8,740

The accompanying notes and schedules are part of the financial statements

Keeweetinok Lakes Regional Health Authority #15
Statement of Cash Flows
Year Ended March 31, 2002
(thousands of dollars)

	2002		2001
	Budget (Note 11)	**Actual**	Actual
Cash generated from (used by):			
Operating activities			
Excess (deficiency) of revenue over expenses	$ (352)	**$ (1,190)**	$ 307
Non-cash transactions			
Loss on disposal of equipment	-	**4**	-
Amortization of capital equipment - internally funded	1,000	**831**	988
- externally funded	410	**325**	227
Amortization of facilities and improvements	875	**863**	864
Amortization of external capital contributions	(1,285)	**(1,188)**	(1,091)
	648	**(355)**	1,295
Change in non-cash working capital account (Note 19)	(300)	**(320)**	(576)
Cash generated (used) from operations	348	**(675)**	719
Investing activities			
Net change in non current cash and investments	750	**1,847**	(5,234)
Proceeds on sale of assets	-	**7**	-
Purchase of capital assets			
Internally funded - equipment	(1,150)	**(1,108)**	(1,232)
Externally funded - equipment	(1,110)	**(1,109)**	(81)
- facilities and improvements	-	**-**	(146)
Cash used by investing activities	(1,510)	**(363)**	(6,693)
Financing activities			
Capital contributions received, net (Note 7)	510	**918**	1,406
Change in non-current receivables	-	**(522)**	-
Net change in non-current deferred contributions	-	**-**	(534)
Cash generated by financing activities	510	**396**	872
Increase (decrease) in cash	(652)	**(642)**	(5,102)
Cash, beginning of year	1,586	**1,586**	6,688
Cash, end of year	$ 934	**$ 944**	$ 1,586

The accompanying notes and schedules are part of the financial statements

Keeweetinok Lakes Regional Health Authority #15
Notes to the Financial Statements
March 31, 2002

Note 1 Authority, Purpose and Operations

The Keeweetinok Lakes Regional Health Authority #15 (the "Authority") was established on June 24, 1994 under the authority of the Regional Health Authority Act, Chapter R-10, Revised Statutes of Alberta 2000. The Authority is exempt from the payment of income tax and is also a registered charity under the Income Tax Act.

The Authority is responsible for the delivery of appropriate, accessible and affordable health services in Alberta. This responsibility includes the operating programs designed to promote, protect, maintain, restore and enhance physical and mental well being.

The operations of the Authority include the following facilities and sites:

- High Prairie Health Complex
- Slave Lake Health Complex
- Wabasca Desmarais General Hospital
- J.B. Wood Extended Care Unit
- Keeweetinok Lakes Regional Health Authority #15 Ambulance Program
- Community Health Services Offices located at the following sites:

  - High Prairie
  - Slave Lake
  - Kinuso
  - Gift Lake
  - Red Earth Creek
  - Desmarais
  - Peerless Lake
  - Trout Lake

Note 2 Significant Accounting Policies and Reporting Practices

The financial statements have been prepared in accordance with Canadian Generally Accepted Accounting Principles and the reporting requirements of Financial Directive 19 issued by Alberta Health and Wellness. The following are the significant accounting policies:

(a) Basis of Presentation

These financial statements have been prepared using the deferral method, the key elements of which are:

(i) Unrestricted operating grants and other contributions are recognized as revenue in the year when receivable.

(ii) Externally restricted non-capital contributions are deferred and recognized as revenue in the year when related expenses are incurred.

(iii) Externally restricted capital contributions are recorded as deferred capital contributions until the amount is invested in capital assets. Amounts invested representing externally funded capital assets are then transferred to unamortized external capital contributions. Unamortized external capital contributions are recognized as revenue in the periods in which the related amortization expense of the funded capital asset is recorded.

Keeweetinok Lakes Regional Health Authority #15
Notes to the Financial Statements
March 31, 2002

(a) Basis of Presentation (continued)

(iv) Restricted contributions for the purchase of capital assets which will not be amortized are recorded as direct increases to net assets.

(v) Unrestricted investment income is recognized in the year it is earned.

(vi) Investment income subject to external restrictions is, depending on the nature of the restrictions, recorded as a direct increase to net assets, or is deferred and recognized as revenue in the year the related expenses are incurred.

(vii) Donations and contributions in kind are recorded at fair value when such value can reasonably be determined.

(b) Full Cost

The Authority accounts for all costs and revenues related to services carried out for which it is responsible.

The fair values of costs of services are recorded. The fair value transactions recorded consist of the following:

(i) The fair value for the use of non-acute care facilities not owned by the Authority and provided to the Authority at zero or nominal rent is recorded as other government contributions and as program expenses.

(ii) Other assets, supplies and service contributions that would otherwise have been purchased are recorded as revenue and expenses, at fair value at the date of contribution, when fair value can be reasonably determined. Volunteers contribute a significant amount of time each year to assist the Authority in carrying out its programs and services. However, contributed services of volunteers are not recognized as revenue and expense in these financial statements because fair value can not be reasonably determined.

(c) Employee Future Benefits

The authority participates in the Local Authorities Pension Plan. This is a multi-employer defined benefit pension plan that provides pensions for the Authority's participating employees, based on years of service and earnings.

Defined contribution plan accounting is applied to a multi-employer defined benefit plan for which the authority has insufficient information to apply defined benefit plan accounting.

Pension costs included in these financial statements comprise the amount of employer contributions required for its employees during the year, based on rates which are expected to provide for benefits payable under the pension plans. The authority's portion of the pension plan's deficit or surplus is not recorded by the Authority.

Keeweetinok Lakes Regional Health Authority #15
Notes to the Financial Statements
March 31, 2002

(d) Investments

Temporary investments are recorded at lower of cost and market.

Non-current investments are recorded at cost. Cost includes the amount of applicable amortization of discount or premium using the straight-line method over the period to maturity. The cost of disposal is determined on the average cost basis. Gains or losses realized on disposal are recognized in the period of disposal.

Where there has been a loss in the value of an investment other than a temporary decline, the investment is written down to recognize the loss. The written down value is deemed to be the new cost.

(e) Financial Instruments

The carrying value of accounts receivable, accounts payable and accrued liabilities approximates their fair book value because of the short-term maturity of these items.

(f) Inventories

Inventories are valued at the lower of moving average cost or net realizable value.

(g) Capital Assets

Capital assets and construction projects in progress are recorded at cost.

Capital assets costing less than $2,500 are expensed.

Capital assets are amortized over their estimated useful lives on a straight-line basis as follows:

	Useful Life
Buildings	40 years
Land Improvements	20 years
Building service equipment	20 years
Vehicles and equipment	5-20 years

Construction projects in progress are not amortized until the project is complete.

Keeweetinok Lakes Regional Health Authority #15
Notes to the Financial Statements
March 31, 2002
(Thousands of dollars)

Note 3 Cash and Investments

	2002	2001
Cash and non-current cash and investments	$ 6,182	$ 8,671
Non-current cash and investments (Note 4)	(5,238)	(7,085)
	$ 944	$ 1,586

Cash consists of amounts on deposit in interest-bearing accounts at major financial institutions. Interest rates vary in accordance with the prime rate.

Note 4 Non-Current Cash and Investments

	2002	2001
Cash	851	2,791
Bonds	2,766	2,750
Equities	1,621	1,544
	$ 5,238	$ 7,085
Market value of non-current cash and investments	$ 4,860	$ 6,845

(i) Income and financial returns are exposed to credit and price risks. Credit risk relates to the possibility that a loss may occur when another party fails to perform according to terms of the contract. Price risk comprises interest rate risk and market risk. Interest rate risk relates to the possibility that investments will change in value with future fluctuations in market interest rates. Market risk relates to the possibility that investments will change in value due to fluctuations in market prices.

Keeweetinok Lakes Regional Health Authority #15
Notes to the Financial Statements
March 31, 2002
(Thousands of dollars)

Note 4 Non-Current Cash and Investments (continued)

To earn optimal financial returns at an acceptable level of risk, management has established a policy asset mix of 65% to 75% for fixed-income instruments and 25% to 35% equities. Risk is reduced through asset class diversification, diversification within each asset class and quality constraints on fixed-income and equity instruments.

(ii) Publicly traded fixed income instruments are managed with the objective of providing optimal returns while maintaining maximum security of capital. Return is optimized within risk constraints on the portfolio by management of portfolio duration and issuer mix.

Fixed-income securities, such as bonds, have an average effective yield 6.39% per annum for securities maturing between 1 and 10 years. As at March 31, 2002, the securities have the following term structure based on par.

Under 1 year	--
1 to 5 years	6.28%
5 to 10 years	6.53%

(iii) Equities comprise publicly traded equities. Risk is reduced by prudent security selection and sector rotation.

(iv) The carrying value of these securities has not been written down to market value because management has concluded, based on review of market information for the securities, that there is no obvious indication of material impairment that is other than temporary.

Non Current cash and investments represent the following:

	2002	2001
Externally restricted for capital acquisitions	$ 695	$ 1,408
Internally restricted for capital acquisitions	1,101	1,378
Non-current investments	3,442	4,299
	$ 5,238	$ 7,085

Keeweetinok Lakes Regional Health Authority #15
Notes to the Financial Statements
March 31, 2002
(Thousands of dollars)

Note 5 Capital Assets

	2002			2001
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	$ 283	--	$ 283	$ 289
Buildings	33,868	9,566	24,302	25,183
Equipment & Vehicles	14,158	9,676	4,482	3,571
Land Improvements	592	453	139	152
Construction in Progress	906	---	906	730
	$ 49,807	$ 19,695	$ 30,112	$ 29,925

Capital assets have been funded from the following sources:

	2002	2001
Externally funded (unamortized external capital contributions)	$ 26,734	$ 26,813
Internally funded (invested in capital assets)	3,378	3,112
	$ 30,112	$ 29,925

Keeweetinok Lakes Regional Health Authority #15
Notes to the Financial Statements
March 31, 2002
(Thousands of dollars)

Note 6 Deferred Contributions

		2002		2001
Amounts received:				
Alberta Health and Wellness contributions	$	910	$	43
Deferred capital contributions (Note 7)		50		-
Donations		56		530
Alberta Infrastructure		342		105
		1,358		678
Amounts recognized as revenue:				
Telehealth		(159)		(227)
Alberta Infrastructure		(304)		(218)
Alberta Health and Wellness Contributions (Note 12)		(770)		(28)
Government of Canada - H.T.S.P. (Note 15)		-		(40)
Donations		(30)		(12)
Primary Care		-		(166)
Amounts deferred in previous years but written off		-		(9)
Amounts returned to Alberta Infrastructure		(25)		-
Amounts transferred to deferred capital contributions (Note 7)		(600)		(764)
Change during the year		(530)		(786)
Balance, beginning of year		1,231		2,017
	$	701	$	1,231

Unspent amounts at end of year are restricted:

		2002		2001
Current:				
Alberta Infrastructure	$	270	$	207
Alberta Health and Wellness		294		754
Donations		137		270
	$	701	$	1,231

Keeweetinok Lakes Regional Health Authority #15
Notes to the Financial Statements
March 31, 2002
(Thousands of dollars)

Note 7 Deferred Capital Contributions

Deferred capital contributions balance represents amounts accounted for in accordance with accounting policy described in Note 2 (a)(iii).

		2002		2001
Amounts received:				
Alberta Infrastructure	$	120	$	642
Alberta Health and Wellness		266		
Transferred from deferred contributions (Note 6)		600		764
Transferred to:				
Returned to Alberta Infrastructure		(18)		-
Deferred Contributions (Note 6)		(50)		-
Unamortized external capital contributions (Note 8)		(1,109)		(227)
Change during the year		(191)		1,179
Balance, beginning of year		1,408		229
Balance, end of year	$	1,217	$	1,408
Balance at end of year is restricted for the Following purposes:				
Betterment of capital assets	$	872	$	940
New Construction		345		468
	$	1,217	$	1,408

Note 8 Unamortized External Capital Contributions

Unamortized external capital contributions reflect transactions accounted in accordance with the accounting policy described in Note 2 (a)(iii). The balance at end of year represents the external capital contribution that will be recognized as revenue in future years.

		2002		2001
Balance at beginning of year	$	26,813	$	27,678
Add amounts transferred from				
Deferred capital contributions (Note 7)		1,109		227
Less amounts recognized as revenue:				
General operations		(1,141)		(1,050)
Ancillary operations (Note 14)		(47)		(42)
	$	26,734	$	26,813

Keeweetinok Lakes Regional Health Authority #15
Notes to the Financial Statements
March 31, 2002
(Thousands of dollars)

Note 9 Unrestricted and Internally Restricted Net Assets

The balance of unrestricted and internally restricted net assets can be analyzed as follows:

	2002	2001
Unrestricted and internally restricted net assets at regionalization - April 1, 1995	$ 2,636	$ 2,636
Changes since regionalization		
Cumulative operating surplus	2,395	3,585
Invested in capital assets (net of amortization)	(859)	(593)
	$ 4,172	$ 5,628
Unrestricted	$ 3,071	$ 4,250
Internally restricted (Note 10)	1,101	1,378
	$ 4,172	$ 5,628

Note 10 Internally Restricted Net Assets

Net assets internally restricted represent amounts restricted by the Authority for the following purposes:

	2002	2001
Future equipment replacement	$ 1,101	$ 1,378

Keeweetinok Lakes Regional Health Authority #15
Notes to the Financial Statements
March 31, 2002
(Thousands of dollars)

Note 11 Budget

	Approved Budget (1)
Revenue:	
Alberta Health and Wellness contributions	21,768
Other government contributions	750
Fees and charges	1,400
Donations	350
Investment and other revenue	1,372
Amortization of external capital contributions	1,250
	26,890
Expenses:	
Facility based inpatient acute services	5,177
Facility based emergency and outpatient services	2,345
Facility based continuing care services	1,935
Community and home based services	1,470
Diagnostic and therapeutic services	3,960
Promotion, prevention and protection services	2,350
Administration	1,635
Information technology and wellnet	675
Support services	6,850
Amortization of facilities and improvements	845
	27,242
Excess of revenues over expenses	(352)

(1) The budget was approved by the Board of the Authority in November 2001, and approved by the Minister of Health and Wellness in December 2001. The approved budget reflects the reduction in funding announced during the fiscal year by the Minister of Health and Wellness. There was no budgetary impact arising from the Boundary Realignment.

Keeweetinok Lakes Regional Health Authority #15
Notes to the Financial Statements
March 31, 2002
(Thousands of dollars)

Note 12 Alberta Health and Wellness Contributions

	Budget	2002	2001
Unrestricted contributions	$ 21,768	21,327 $	19,912
Transferred from deferred contributions (Note 6)	-	770	28
	$ 21,768 $	22,097 $	19,940

Note 13 Other Government Contributions

	Budget	2002	2001
Alberta Infrastructure			
Fair value of rent less rent charges for non acute care facilities used by the Authority	$ 37 $	37 $	37
Repairs and Maintenance	563	304	218
Federal Government - Primary care	-	-	204
Other	-	80	-
Alberta Mental Health Board	150	151	113
	$ 750 $	572 $	572

Note 14 Ancillary Operations

	2002					2001
	Non-Patient Food Services	Rental Operations	Ambulance	Total	Budget	Total
Revenues						
Revenues	162	80	1,317	1,559	1,450	1,444
Amortization of external capital contributions		47		47	42	42
	162	127	1,317	1,606	1,492	1,486
Expenses						
Other expenses	162	130	1,295	1,587	1,382	1,438
Amortization		47	66	113	110	109
	162	177	1,361	1,700	1,492	1,547
Excess (deficiency) of revenues over direct expenses 01/02	$ -	(50)	(44)	(94)	$ -	$(61)
Excess (deficiency) of revenues over direct expenses 00/01	$ -	$(32)	$(29)	$(61)	$ -	

Keeweetinok Lakes Regional Health Authority #15
Notes to the Financial Statements
March 31, 2002
(Thousands of dollars)

Note 15 Investment and Other Income

	Budget	2002	2001
Unrestricted investment income	$ 650	$ 296	$ 650
Government of Canada – H.I.S.P.	-	-	40
Other income	722	590	425
	$ 1,372	$ 886	$ 1,115

Investment income is comprised of interest, dividends, amortization of discount and premiums, and net gains on disposal of investments.

Other income is comprised of miscellaneous recoveries.

Note 16 Administration

	Budget	2002	2001
General administration	$ 840 $	913 $	814
Finance	265	271	219
Personnel	530	655	412
	$ 1,635 $	1,839 $	1,445

Note 17 Information technology and alberta we//net

	Budget	2002	2001
alberta we//net	$ 16 $	- $	85
Information systems support	659	579	657
	$ 675 $	579 $	742

alberta we//net is the province-wide, strategic initiative to build a health information network. The initiative brings together a broad spectrum of health professionals to use information technology to improve the delivery of health services to all Albertans.

The Authority's past contributions have been applied towards activities that will produce clinical and administrative deliverables or to develop applications to support we//net initiatives.

Keeweetinok Lakes Regional Health Authority #15
Notes to the Financial Statements

March 31, 2002
(Thousands of dollars)

Note 18 Support Services

		Budget		2002		2001
Building maintenance, operations, and security	$	2,000	$	**2,245**	$	2,025
Communications		650		**697**		615
Education		105		**103**		104
Housekeeping		800		**825**		774
Laundry and linen		460		**434**		448
Materials management		170		**167**		158
Patient food services		1,200		**1,229**		1,158
Patient health records		725		**841**		708
Patient registration		275		**329**		266
Patient transportation		465		**524**		453
	$	6,850	$	**7,394**	$	6,709

Note 19 Changes in Non-Cash Working Capital Accounts

		2002		2001
Accounts receivable	$	**(228)**	$	(257)
Contributions receivable		**150**		380
Inventories		**(67)**		(9)
Prepaid expenses		**(33)**		(24)
Accounts payable		**192**		(593)
Accrued vacation pay		**196**		131
Deferred contributions		**(530)**		(252)
	$	**(320)**	$	(576)

Note 20 Pension Costs

The Authority participates in the Local Authorities Pension Plan, which is a multi-employer defined benefit plan. The pension expense recorded in these financial statements is equivalent to the Authority's annual contributions payable of $533 for the year ended March 31, 2002 (2001 - $ 424).

At December 31, 2001, the Local Authorities Pension Plan reported a surplus of $ 634,960 (2000 - $883,823)

Note 21 Physician Payments

The cost of physician fees paid by Alberta Health and Wellness for services rendered to the residents of Keeweetinok Lakes Regional Health Authority #15 amounted to $9,759. (2001 - $9,063). These amounts are not reflected in the financial statements.

Keeweetinok Lakes Regional Health Authority #15
Notes to the Financial Statements

March 31, 2002
(Thousands of dollars)

Note 22 Boundary Realignment

During the year, the Authority boundaries were realigned by the Minister of Health and Wellness pursuant to Minister's Order #57/2001. Although this resulted in a small increase in the geographic size of the region, there was no financial impact from the boundary realignment.

Note 23 Measurement Uncertainty

The financial statements by their nature contain estimates and are subject to measurement uncertainty. The amounts recorded for amortization of capital assets and amortization of external capital contributions are based on estimates of the useful life of the related assets. Actual results could differ from these estimates. Also, the Authority is currently included in the Goods and Services (GST) free list of the Alberta Government entities and therefore does not record or pay GST on purchased supplies and services. This situation could change in future if the Authority ceases to be part of the GST free list of Alberta Government.

Note 24 Related Party Transactions

(a) Province of Alberta

The Authority is established under the Regional Health Authority Act. Two-thirds of the members of the Authority are elected. The Minister of Health and Wellness appoints the remaining members. Transactions between the Authority and the province are disclosed in the statement of operations and Notes 6, 7, 11, 12 and 13.

(b) Health Authorities

The Authority shares a common relationship with other health authorities by way of its relationship with the Province of Alberta. Transactions between the Authority and other health authorities are reported are reported in the Statement of Operations and disclosed in note 22 to the financial statements.

Note 25 Comparative Figures

Certain 2001 figures have been reclassified to conform to the 2002 presentation.

Note 26 Approval of Financial Statements

The Authority has approved these financial statements.

Keeweetinok Lakes Regional Health Authority #15
Schedule 1 - Expenses by Object

For the year ended March 31, 2002
(Thousands of dollars)

	Budget	2002	2001
Salaries, benefits, allowances and severance (Schedule 2)	$ 17,264	$ **17,195**	$ 15,123
Drugs, gases, medical and surgical supplies	1,177	**1,128**	1,143
Consulting services	910	**1,154**	765
Other	7,224	**7,244**	6,881
Amortization			
Capital equipment - internally funded	951	**831**	988
Capital equipment - externally funded	283	**325**	227
Facilities and improvements	925	**863**	864
	28,734	**28,740**	25,991
Less amounts reported in ancillary operations (Note 14)	(1,492)	**(1,700)**	(1,547)
	$ 27,242	$ **27,040**	$ 24,444

Keeweetinok Lakes Regional Health Authority #15
Schedule 2 - Salaries, Benefits, Allowances and Severance

For the year ended March 31, 2002
(Thousands of dollars)

	2002				2001	
	Number of Individuals (1)	Salaries and Honoraria (2)	Benefits and Allowances (3)	Total	Number of Individuals (1)	Salaries and Allowances (2&3)
Authority Compensation						
RHA Chairperson						
Cox, Sharon	1.0	$ 18	$ 2	$ 20		$ 30
Wolitski, Marian	1.0	12	1	13		
RHA Members						
Assaf, Ahmed Andy	1.0	5	1	6		
Johnson, Valerie	1.0	9	1	10		14
Kasinec, Rose	1.0	5	1	6		
Laboucan, Earl	1.0	8	1	9		13
Loskemaie, Jenny	1.0	11	1	12		2
Nortberg, Evelyn	1.0	15	2	17		15
Ott, Andrew	1.0	8	1	9		
Ruecker, Gary	1.0	14	3	17		15
Savill, Marie	1.0	6		7		
Yellowknee, Solomon	1.0	16	1	17		15
Total Honoraria	12.0	127	15	142		104
Staff						
Chief Executive Officer	0.2	18	3	21	1.0	104
Medical Officers						
Regional Medical Officer of Health	1.0	75		75	1.0	74
Regional Medical Director	1.0	68		68	1.0	60
Management persons reporting to the CEO						
Director Corporate Services	0.2	22	3	25	1.0	94
Director Health Services	1.0	93	12	105	1.0	94
Team Manager - Health Services						
High Prairie	1.0	80	12	92	1.0	80
Slave Lake	1.0	80	12	92	1.0	80
Wabasca Desmarais	0.0				1.0	80
Continuing Care	0.2	18	3	21	1.0	80
Community Health	1.0	80	12	92	0.0	
Chief Financial Officer	1.0	80	12	92	0.0	
Medical Doctors (avg. 2001 - $295 avg. 2000 - nil)	1.0	232	11	243	0.4	120
Regulated nurses not included above (avg. 2002 - $66 avg. 2001 - $59)	96.6	5,593	802	6,395	97.2	5,732
Other Health Technical and Professionals (avg. 2002 - $59 avg. 2001 - $59)	87.7	4,492	652	5,144	69.6	4,077
Unregulated Health Services Providers (avg. 2002 - $33 avg. 2001 - $32)	28.1	808	140	948	28.7	929
Other Staff (avg. 2002 - $36 avg. 2001 - $34)	102.2	3,109	531	3,640	101.9	3,414
Sub total	324.4	$ 14,848	$ 2,205	$ 17,053	306.8	$ 13,236
Total		$ 14,975	$ 2,220	$ 17,195		$ 15,123

Keeweetinok Lakes Regional Health Authority #15
Schedule 2 - Salaries, Benefits, Allowances and Severance (continued)

For the year ended March 31, 2002
(Thousands of dollars)

(1) Full time equivalent (FTE) has been determined as follows:
Standard work year equals 2,015 hours
Total actual discrete number of individuals employed: 475 (2000 - 437)

(2) Salaries include regular base pay, overtime, lump sum payments, honoraria and any other direct cash remuneration including sick leave, short term disability and vacation.

(3) Benefits and allowances included the employers share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, out of country medical benefits, group life insurance, accidental death and dismemberment, long term disability plans, Canada Pension Plan, unemployment insurance, workers compensation and allowances.

Keeweetinok Lakes Regional Health Authority #15
Schedule 3 – Three-Year Summary of Revenue and Expenses

For the year ended March 31, 2002
(Thousands of dollars)

	Actual			Pro-forma		
	2002	2001	2000	2002	2001	2000
Revenue						
Alberta Health and Wellness contributions	22,097	19,940	19,034	22,097	20,350	19,367
Other government contributions	572	572	371	572	572	371
Fees and charges	1,059	1,838	1,124	1,059	1,838	1,124
Ancillary operations, net	(94)	(61)	141	(94)	(61)	141
Donations	189	297	53	189	297	53
Investment and other revenue	886	1,115	737	886	1,115	737
Amortization of external capital contributions	1,141	1,050	1,047	1,141	1,050	1,047
	25,850	24,751	22,507	25,850	25,161	22,840
Expenses:						
Facility based inpatient acute services	4,451	4,082	3,412	4,451	4,082	3,412
Facility based emergency and outpatient services	2,616	2,132	2,067	2,616	2,542	2,400
Facility based continuing care services	1,891	1,649	1,116	1,891	1,649	1,116
Community and home based services	1,327	1,282	1,127	1,327	1,282	1,127
Diagnostic and therapeutic services	4,029	3,666	3,179	4,029	3,666	3,179
Promotion, prevention and protection services	2,051	1,800	1,831	2,051	1,800	1,831
Administration	1,839	1,445	1,290	1,839	1,445	1,290
Information technology and we net	579	742	263	579	742	263
Y2K remedial costs	0	53	350	0	53	350
Support services	7,394	6,709	6,102	7,404	6,709	6,102
Amortization of facilities and improvements	863	884	847	853	884	847
	27,040	24,444	21,584	27,040	24,854	21,917
Excess (deficiency) of revenue over expenses	(1,190)	307	923	(1,190)	307	923

Pro-forma information results from the transfer of the rural on-call program from Alberta Health and Wellness to the Authority, effective April 1, 2001.

There was no financial impact arising from the Boundary Realignment.

NORTHERN LIGHTS REGIONAL HEALTH AUTHORITY

FINANCIAL STATEMENTS

MARCH 31, 2002

Statement of Management Responsibility

Auditor's Report

Statement of Financial Position

Statement of Operations

Statement of Changes in Net Assets

Statement of Cash Flows

Notes to the Financial Statements

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Schedule 2 - Schedule of Salaries, Honoraria, Benefits, Allowances and Severance

Schedule 3 - Three -Year Summary of Revenue and Expenses

Northern Lights
Regional Health Services
7 Hospital Street
Fort McMurray, Alberta T9H 1P2
Tel. (780) 791-6161
Fax. (780) 791-6042

Management's Responsibility for Financial Reporting

The accompanying financial statements are the responsibility of management and have been approved by the Authority. The financial statements have been prepared in conformity with Generally Accepted Accounting Principles and the Financial Directives issued by Alberta Health and Wellness, and of necessity include some amounts that are based on estimates and judgments.

To discharge its responsibility for the integrity and objectivity of financial reporting, management maintains a system of internal accounting controls comprising written policies, standards and procedures, a formal authorization structure, and satisfactory processes for reviewing internal controls. This system is designed to provide management with reasonable assurance that transactions are in accordance with governing legislation, are properly authorized, reliable financial records are maintained, and assets are adequately accounted for and safeguarded. The Authority has established a code of ethics and corporate directives which require communication of the code to employees.

The Authority members carry out their responsibility for the financial statements through the Finance & Audit Committee. This Committee meets with management and the external auditor, the Auditor General of Alberta, to discuss and review financial matters, and recommends the financial statements to the Northern Lights Regional Health Authority Board for approval. The external auditor has full and free access to the Finance & Audit Committee.

The external auditor provides an independent audit of the financial statements. Their examination is conducted in accordance with Generally Accepted Auditing Standards and includes tests and other procedures, which allow them to report on the fairness of the financial statements prepared by management.

Dated at Fort McMurray, in the Province of Alberta, this 21 day of June, 2002.

Linda L. Metz

PATRICIA L. PELTON
Chief Executive Officer

LINDA METZ
Vice President Corporate Services

AUDITOR
GENERAL
Alberta

AUDITOR'S REPORT

To the Members of the Northern Lights Regional Health Authority
and the Minister of Health and Wellness

I have audited the statement of financial position of the Northern Lights Regional Health Authority ("the Authority") as at March 31, 2002 and the statements of operations and statement of changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Authority's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Authority as at March 31, 2002 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Fred J Dunn CA
Auditor General

Edmonton, Alberta
June 7, 2002

NORTHERN LIGHTS REGIONAL HEALTH AUTHORITY
STATEMENT OF FINANCIAL POSITION

March 31, 2002
(thousands of dollars)

	2002	2001
ASSETS		
Current		
Cash and temporary investments (Note 3)	$ 1,436	$ 3,622
Accounts receivable (Note 4)	1,349	1,109
Contributions receivable	1,296	-
Inventories	379	335
Prepaid expenses	270	240
	4,730	5,306
Non-current cash (Note 5)	5,283	1,703
Capital contributions receivable (Note 6)	1,172	987
Capital assets (Note 7)	29,506	29,651
Other assets	260	248
Total assets	$ 40,951	$ 37,895
LIABILITIES AND NET ASSETS		
Current		
Accounts payable	$ 3,141	$ 2,414
Accrued vacation pay	1,473	1,320
Deferred non-capital contributions (Note 8)	224	168
	4,838	3,902
Deferred non-capital contributions (Note 8)	8	8
Deferred capital contributions (Note 9)	6,447	2,682
Unamortized external capital contributions (Note 10)	27,800	28,145
	39,093	34,737
Net assets		
Unrestricted (Note 11)	152	1,652
Investment in capital assets	1,706	1,506
Operating net assets	1,858	3,158
Total liabilities and net assets	$ 40,951	$ 37,895

The accompanying notes and schedules are part of these financial statements.

NORTHERN LIGHTS REGIONAL HEALTH AUTHORITY
STATEMENT OF OPERATIONS
March 31, 2002
(thousands of dollars)

	2002		2001
	Budget (Note 12)	Actual	Actual
Revenue:			
Alberta Health and Wellness contributions (Note 13)	$ 33,812	$ 34,354	$ 29,890
Other government contributions (Note 14)	779	774	577
Fees and charges	2,900	3,065	2,627
Ancillary operations, net (Note 15)	(72)	(49)	(25)
Donations	70	195	237
Investment and other income (Note 16)	592	1,000	727
Amortization of external capital contributions, health operations (Note 10)	2,600	2,037	2,392
Total revenue	40,681	41,376	36,425
Expenses (Schedule 1)			
Facility based inpatient acute services	10,362	11,105	8,575
Facility based emergency and outpatient services	3,442	3,244	3,264
Facility based continuing care services	1,734	1,741	1,488
Community and home based services	1,602	1,622	1,200
Diagnostic and therapeutic services	8,046	8,546	7,496
Promotion, prevention and protection services	2,293	2,585	1,952
Administration (Note 17)	2,913	3,453	2,779
Information technology and we-net (Note 18)	923	925	887
Year 2000 costs	-	-	17
Support services (Note 19)	8,135	8,033	6,794
Amortization of facilities and improvements, health operations	1,883	1,422	1,844
Total expenses	41,333	42,676	36,296
Excess (deficiency) of revenue over expenses	$ (652)	$ (1,300)	$ 129

NORTHERN LIGHTS REGIONAL HEALTH AUTHORITY
STATEMENT OF CHANGES IN NET ASSETS
March 31, 2002
(thousands of dollars)

	2002			2001
	Unrestricted Net Assets (Note 11)	Invested in Capital Assets	Total	Total
Excess (deficiency) of revenue over expenses	$ (1,300)	$ -	$ (1,300)	$ 129
Amortization of internally funded capital assets	165	(165)	-	-
Capital assets purchased with internal funds	(395)	395	-	-
Disposal of internally funded capital assets	30	(30)	-	-
Capital assets - land - purchased with external funds	-	-	-	30
Net change	(1,500)	200	(1,300)	159
Balance at beginning of year	1,652	1,506	3,158	2,999
Balance at end of year	$ 152	$ 1,706	$ 1,858	$ 3,158

NORTHERN LIGHTS REGIONAL HEALTH AUTHORITY

STATEMENT OF CASH FLOWS

March 31, 2002
(thousands of dollars)

	2002 Budget	2002 Actual	2001 Actual
Cash generated from (used by):			
Operating activities:			
Excess (deficiency) of revenue over expenses	$ (652)	$ (1,300)	$ 129
Non-cash transactions:			
Amortization of capital equipment - internally funded	172	126	116
- externally funded	730	623	574
Amortization of facilities and improvements - internally funded	16	39	32
- externally funded	1,883	1,389	1,818
Amortization of external capital contributions	(2,617)	(2,043)	(2,398)
Loss on disposal of capital assets - internally funded		13	
- externally funded		4	6
Changes in non-cash working capital account	(363)	(674)	653
Cash generated from (used by) operations	(831)	(1,823)	930
Investing activities:			
Purchase of capital assets:			
internally funded	(516)	(395)	(405)
externally funded - equipment (Note 10)	(2,095)	(1,290)	(624)
externally funded - facility and improvements (Note 10)	(1,744)	(408)	(1,967)
externally funded - land	-		(30)
Proceeds on sale of capital assets - internally funded		17	-
- externally funded		27	-
Allocations from (to) non-current cash	1,076	(3,580)	1,318
Allocation to long-term receivable	-	(197)	(635)
Increase in long-term portion of deferred non-capital contributions	-	-	1
Cash used by investing activities	(3,279)	(5,826)	(2,342)
Financing activities:			
Capital contributions received	3,514	5,463	1,689
Cash generated from financing activities	3,514	5,463	1,689
Increase (decrease) in cash and temporary investments	(596)	(2,186)	277
Cash and temporary investments, beginning of year	3,674	3,622	3,345
Cash and temporary investments, end of year	$ 3,078	$ 1,436	$ 3,622

NORTHERN LIGHTS REGIONAL HEALTH AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2002
(thousands of dollars)

Note 1 Authority, Purpose and Operations

The Northern Lights Regional Health Authority (the "Authority") was established on June 24, 1994 under the authority of the Regional Health Authorities Act, Chapter R-10, Revised Statutes of Alberta 2000. The Authority is exempt from the payment of income tax and is a registered charity under the Income Tax Act.

The Authority is responsible for the delivery of appropriate, accessible and affordable health services in the Northern Lights Region. This responsibility includes operating programs designed to promote, protect, maintain, restore and enhance physical and mental well being.

The Authority's operations comprise the following facility:

Northern Lights Regional Health Centre, 7 Hospital Street, Fort McMurray, Alberta.

Note 2 Significant Accounting Policies and Reporting Practices

The financial statements have been prepared in accordance with Canadian Generally Accepted Accounting Principles and the reporting requirements of Financial Directive 19 issued by Alberta Health and Wellness. Following are the significant accounting policies:

(a) Basis of Presentation

These financial statements have been prepared using the deferral method, the key elements of which are:

(i) Unrestricted operating grants and other contributions are recognized as revenue in the year receivable.

(ii) Externally restricted non-capital contributions are recognized as revenue in the year proportional to the related expenses incurred.

(iii) Externally restricted capital contributions are recorded as deferred capital contributions until invested in capital assets. Amounts invested, representing externally funded capital assets, are then transferred to unamortized external capital contributions. Unamortized external capital contributions are recognized as revenue in the period in which the related amortization expense of the funded capital asset is recorded.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(a) Basis of Presentation (continued)

(iv) Restricted contributions for the purchase of capital assets which will not be amortized are recorded as direct increases to net assets.

(v) Unrestricted investment income is recognized in the year earned.

(vi) Donations and contributions in kind are recorded at fair value when such value can reasonably be determined.

(b) Full cost

The Authority accounts for all costs and revenues related to services for which it is responsible.

Other assets, supplies and service contributions that would otherwise have been purchased are recorded as revenue and expenses, at fair value at the date of contribution, when a fair value can be reasonably determined. The value of volunteers' contributed services is not reported in the financial statements because a fair value cannot be reasonably determined.

(c) Employee Future Benefits

The Authority participates in the Local Authorities Pension Plan. This multi-employer defined benefit pension plan provides pensions for the Authority's participating employees, based on years of service and earnings.

Defined contribution plan accounting is applied to a multi-employer defined benefit plan for which the Authority has insufficient information to apply defined benefit plan accounting.

Pension costs in the financial statements comprise the employer's contributions required for its employees during the year, based on rates expected to provide benefits payable under the pension plan. The Authority does not record its portion of the plans' deficit or surplus.

The Authority fully accrues its obligations for employee non-pension future benefits.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(d) Investments

Short-term investments are recorded at the lower of cost and market.

(e) Financial Instruments

The carrying value of accounts receivable, contributions receivable, accounts payable and accrued liabilities approximates their fair value because of the short-term maturities of these items.

(f) Inventories

Inventories are valued at the lower of moving average cost or net replacement value.

(g) Capital Assets

Capital assets and projects in progress are recorded at cost. Capital assets with unit costs less than $5,000 are expensed.

Capital assets are amortized over their estimated useful lives on a straight-line basis as follows:

	Useful Life
Buildings and improvements	20 - 40 years
Land improvements	10 - 20 years
Building service equipment	10 - 20 years
Vehicles and equipment	5 - 20 years

Projects in progress are not amortized until the project is complete.

(h) Measurement Uncertainty

The financial statements by their nature contain estimates and are subject to measurement uncertainty. The amounts recorded for amortization of capital assets and amortization of external capital contributions are based on estimates of the useful life of the related assets. Actual results could differ from these estimates. Also, the Authority is currently included in the Goods and Services (GST) free list of Alberta Government entities and therefore does not record or pay GST on purchased supplies and services. This situation could change in the future if the Authority ceases to be part of the GST free list of the Alberta Government.

Note 3 Cash and Temporary Investments

	2002	2001
Cash	$ (899)	$ 1,091
Fixed income securities	2,335	2,531
	$ 1,436	$ 3,622

Fixed-income securities are available for immediate liquidation and have a market value approximating cost. They have an average yield of 4.39% per annum based on market for securities maturing within a year, and 5.78% per annum for securities maturing between one and five years. As at March 31, 2002 the securities have the following term structure:

Under 1 year	3.73% to 5.05%
1 to 5 years	5.10% to 6.20%

Note 4 Accounts Receivable

Accounts receivable represent the following:

	2002	2001
Patients	$ 817	$ 551
Other	532	558
	$ 1,349	$ 1,109

Note 5 Non-Current Cash

Non-current cash represents the following:

	2002	2001
Deferred capital contributions	$ 6,447	$ 2,682
Less capital contributions receivable	(1,172)	(987)
Non-current deferred [illegible] capital contributions	8	8
	$ 5,283	$ 1,703

Note 6 Capital Contributions Receivable

Capital contributions receivable represent the following:

	2002	2001
we_net common opportunities	$ 600	$ 600
Federal equipment	297	387
Northern Lights Regional Health Foundation	275	
	$ 1,172	$ 987

Note 7 Capital Assets

	2002			2001
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	$ 665	$ -	$ 665	$ 665
Land improvements	3,133	2,917	216	309
Buildings and improvements	40,654	19,609	21,045	21,969
Building service equipment	6,929	5,453	1,476	1,020
Vehicles and equipment	10,993	7,925	3,068	2,799
Projects in progress	3,036	-	3,036	2,889
	$ 65,410	$ 35,904	$ 29,506	$ 29,651

Capital assets have been funded from the following sources:

	2002	2001
Externally funded *(unamortized external capital contributions)*	$ 27,800	$ 28,145
Internally funded *(invested in capital assets)*	1,706	1,506
	$ 29,506	$ 29,651

Note 8 Deferred Non-Capital Contributions

	2002	2001
Amounts received from:		
Alberta Health and Wellness	$ 1,976	$ 3
Other government	717	610
Donors	4	19
Investment and other	1	
Repayment of funds	(37)	(5)
	2,661	627
Amounts recognized as revenue:		
Alberta Health and Wellness (Note 13)	(1,811)	(83)
Other government (Note 14)	(774)	(577)
Donations	(15)	(47)
Other		(5)
	(2,600)	(712)
Amounts transferred to deferred capital contributions (Note 9)	(5)	(4)
Change during the year	56	(89)
Balance, beginning of year	176	265
Balance, end of year	$ 232	$ 176

Contributions at end of year are restricted for the following purposes:

	2002	2001
Current:		
Young Canadians Initiative	$ 138	$
Alberta Mental Health Initiatives	66	66
Ambulance Care Vendor Reorganization	17	
Transportation		5
Seniors Health Initiatives		52
Other	3	45
	224	168
Long term:		
Employee benefit programs	8	8
	$ 232	$ 176

Note 9 Deferred Capital Contributions

Deferred capital contributions balance represents amounts accounted for in accordance with accounting policy described in Note 2(a)

	2002	2001
Amounts received or receivable		
Restricted Alberta Health and Wellness contributions	$ 417	$ 387
Alberta Infrastructure contributions	4,480	980
Donations restricted for capital purposes	558	323
Investment income earned	4	56
Funds returned to source	(1)	(61)
Deferred non-capital contributions (Note 8)	5	4
	5,463	1,689
Transferred to		
Unamortized external capital contributions (Note 10)	(1,698)	(2,591)
Net assets for land purchase	-	(30)
Change during the year	3,765	(932)
Balance, beginning of year	2,682	3,614
Balance, end of year	$ 6,447	$ 2,682

The balance at the end of year is restricted for the betterment of capital assets.

Note 10 Unamortized External Capital Contributions

Unamortized external capital contributions reflect transactions accounted in accordance with the accounting policy described in Note 2(a). The balance at end of year represents the external capital contribution that will be recognized as revenue in future years.

	2002	2001
Balance, beginning of year	$ 28,145	$ 27,952
Transfer from deferred capital contributions (Note 9)	1,898	2,591
Less amounts recognized as revenue:		
Amortization of external capital contributions:		
health operations	(2,057)	(2,392)
ancillary operations	(6)	(6)
Balance, end of year	$ 27,980	$ 28,145

Note 11 Unrestricted Net Assets

The unrestricted net assets balance can be analyzed as follows:

	2002	2001
Unrestricted net assets (deficit):		
Net assets at organization - April 1, 1995	$ 1,744	$ 1,744
Changes since organization:		
Cumulative operating deficit	(786)	514
Invested in capital assets (net of amortization)	(606)	(606)
	$ 352	$ 1,652

Note 12 Budget

		Original Budget (1)	Adjustments (2)	Reported Budget
Revenue				
	Alberta Health and Wellness contributions	$ 34,550	$ (738)	$ 33,812
	Other government contributions	780	(1)	779
	Fees and charges	2,700	200	2,900
	Donations	70	-	70
	Net ancillary operations	(72)	-	(72)
	Investment and other income	592	-	592
	Amortization of external capital contributions	2,600	-	2,600
		41,220	(539)	40,681
Expenses				
	Facility based inpatient acute services	10,502	(140)	10,362
	Facility based emergency and outpatient services	3,442	-	3,442
	Facility based continuing care services	1,734	-	1,734
	Community and home based services	1,727	(125)	1,602
	Diagnostic and therapeutic services	8,046	-	8,046
	Promotion, prevention and protection services	2,293	-	2,293
	Administration	2,913	-	2,913
	Information technology and *well*net (Note 19)	923	-	923
	Support services	8,335	(200)	8,135
	Amortization of facilities and improvements	1,883	-	1,883
		41,798	(465)	41,333
	Excess (deficiency) of revenue over expenses	$ (578)	$ (74)	$ (652)

(1) The original budget was approved by the Board of the Authority on April 25, 2001, and submitted to the Minister of Health and Wellness.

(2) The Minister of Health and Wellness reduced funding.

Note 13 Alberta Health and Wellness Contributions

	Budget	2002	2001
Unrestricted contributions	$ 33,812	$ 32,543	$ 29,807
Transfer from deferred contributions (Note 8)	-	1,811	83
	$ 33,812	$ 34,354	$ 29,890

Note 14 Other Government Contributions

	Budget	2002	2001
Transfer from deferred contributions (Note 8)			
Alberta Environment	$	$ 6	$ 30
Other	791	768	547
	$ 791	$ 774	$ 577

Note 15 Ancillary Operations

	Operations					
	2002					2001
	Non Patient Food Service	Sales and Rental Services	Other Services	Total	Budget	Total
Revenue						
Revenue	$ 304	$ 138	$ 36	$ 478	$ 331	$ 361
Amortization of external capital contributions	-	6	-	6	6	6
	304	144	36	484	337	367
Expenses						
Amortization	-	6	-	6	6	6
Other	287	6	234	527	403	386
	287	12	234	533	409	392
Excess (deficiency) of revenue over direct expenses 2001-2002	$ 17	$ 132	$ (198)	$ (49)	$ (72)	
Excess (deficiency) of revenue over direct expenses 2000-2001	$ (5)	$ 143	$ (163)	$ (25)	$ (37)	$ (25)

Note 16 Investment and Other Income

	2002		2001
	Budget	Actual	Actual
Unrestricted investment income	$ 265	$ 208	$ 260
Other income	327	792	467
	$ 592	$ 1,000	$ 727

	2002		2001
	Budget	Actual	Actual
Other income comprises:			
Gas rebate	$ -	$ 190	$ -
Immunization recoveries	15	150	77
Return for service repayments	-	32	5
Other recoveries	312	420	385
	$ 327	$ 792	$ 467

Note 17 Administration

	2002		2001
	Budget	Actual	Actual
General Administration			
Administration	$ 507	$ 751	$ 534
Medical staff	518	569	574
Board	169	181	158
	1,194	1,501	1,266
Finance	705	682	622
Personnel	1,014	1,270	891
	$ 2,913	$ 3,453	$ 2,779

Note 18 Information Technology and Alberta we net

	2002		2001
	Budget	Actual	Actual
Information systems support	$ 897	$ 925	$ 763
alberta we net	26		124
	$ 923	$ 925	$ 887

alberta we net is the province-wide, strategic initiative to build a health information network. The initiative brings together a broad spectrum of health professionals to use information technology to improve health service delivery to all Albertans.

Note 19 Support Services

	2002		2001
	Budget	Actual	Actual
Building maintenance, operations and security	$ 2,714	$ 2,594	$ 2,277
Housekeeping	1,341	1,300	1,042
Patient information	1,457	1,433	1,132
Materials management	974	928	884
Patient food services	852	895	714
Laundry and linen	276	349	307
Communications	140	137	111
Health and safety	122	122	86
Biomedical engineering	92	102	88
Community and volunteer services	93	98	86
Learning resource centre	74	75	67
	$ 8,135	$ 8,033	$ 6,794

Note 20 Related Parties

(a) Province of Alberta

The Authority is established under the Regional Health Authorities Act. Two-thirds of the members of the Authority are elected. The Minister of Health and Wellness appoints the remaining members. Transactions between the Authority and the Province are disclosed in the Statement of Operations and in Notes 8, 9, 13 and 14 to the financial statements.

(b) Northern Lights Regional Health Foundation

The Authority significantly influences the Northern Lights Regional Health Foundation through its representation on the board of trustees.

Northern Lights Regional Health Foundation	2002	2001
Total assets	$ 1,987	$ 1,513
Total liabilities	994	813
Net assets	$ 993	$ 700
Revenues	1,234	868
Expenses (includes contributions to the Health Authority)	942	742
Excess of revenue over expenses	$ 292	$ 126

Note 20 Related parties (continued)

(b) Northern Lights Regional Health Foundation (continued)

	Contributions Received by Health Authority		Resources held by Foundation	
	Year ended March 31		At March 31, 2002	
	2002	2001	Externally Restricted	Unrestricted
Northern Lights Regional Health Foundation	$ 661	$ 472	$ 610	$ 993

The resources of the Foundation amounting to $610 have been restricted by the donors for specific programs of the Northern Lights Regional Health Authority.

Northern Lights Regional Health Foundation prepared financial statements using the deferral method.

The value of administrative support provided to the Foundation and the accounts receivable from the Foundation at year-end is as follows:

	Administrative Support		Accounts Receivable	
	Year ended March 31		At March 31, 2002	
	2002	2001	Externally Restricted	Unrestricted
Northern Lights Regional Health Foundation	$ 144	$ 140	$ 362	$ 2

(c) Contracted Health Service Operators

The Authority contracts with private health service operators to provide health services in the Region.

The amounts for contracted health services, all of which are direct authority funded, are as follows:

	2002	2001
Laboratory contract	$ 2,306	$ 2,014
Community rehabilitation programs	317	275
Aboriginal Health Strategy - [illegible] Health Board	189	-
	$ 2,812	$ 2,289

The amounts for contracted health services are reported under diagnostic and therapeutic services and promotion, prevention and protection services.

Note 21 Commitments

The Authority is committed under contracts for laboratory services, service contracts and equipment leases to the following payments:

2003	$3,242
2004	213
2005	7

Note 22 Pension Costs

The Authority participates in the Local Authorities Pension Plan, which is a multi-employer defined benefit plan. The pension expense recorded in these financial statements is equivalent to the Authority's annual contributions payable of $748 for the year ended March 31, 2002 (2001 - $697).

At December 31, 2001, the Local Authorities Pension Plan reported a surplus of $634,960 (2000 - $883,823).

Note 23 Physician Payments

The cost of physician fees paid by Alberta Health and Wellness for services rendered to the residents of the Northern Lights region amounted to $13,771 in 2002 (2001 - $12,030). These amounts are not reflected in the financial statements.

Note 24 Comparative Figures

Certain 2001 figures have been reclassified to conform to the 2002 presentation.

Note 25 Approval of Financial Statements

These financial statements have been approved by the Authority.

Schedule 2

NORTHERN LIGHTS REGIONAL HEALTH AUTHORITY
SCHEDULE OF SALARIES, HONORARIA, BENEFITS, ALLOWANCES AND SEVERANCE
FOR THE YEAR ENDED MARCH 31, 2002
(thousands of dollars)

	2002				Severance [4]			2001			
	Number of Individuals [1]	Salaries and Honoraria [2]	Benefits and Allowances [3]	Sub-total	Number of Individuals	Amount	Total	Number of Individuals [1]	Salaries, Benefits, Honoraria [2, 3]	Severance [4]	Total
Authority Board Compensation											
RHA Chairperson, Garner, Scott	1	$ 26	$	$ 26		$	$ 26	1	$ 21	$	$ 21
Baker, Kathleen	1	12		12			12	1	11		11
Boyer, Mary	1	15		15			15	1	15		15
Burns, Gary	1	7		7			7	1	11	-	11
Brzezinski, Wojciech								1	1		1
Cardinal, Dennie								1			
Eares, Pat								1			
Gendreau, Bill		7		7			7	1	9		9
Gregory, Roger		6		6			6				
Haxton, Alice	1	11		11			11	1	11		11
MacDonald, Cathy	1	4		4			4				
MacDonald, Margaret	1	5		5			5				
McDonald Hyde, Dorothy	1	7		7			7	1	9		9
Moore, Helena	1	11		11			11	1	10		10
Nickerson, Ken	1	11		11			11	1	10		10
Quintal, Margaret	1	7		7			7	1	9		9
Walbridge, Judy								1	2		2
Total honoraria	14	129		129			129	14	119		119
Staff											
Chief Executive Officer	1	218	18	236			236	2	191		191
Management person(s) reporting to the CEO:											
VP Corporate Services		117	14	131			131	1	107		107
VP Human Resources	1	110	14	124			124	-	105		105
VP Health Services	1.7	173	21	194			194				
VP Stakeholder Relations	0.8	82	10	92			92				
Executive Director, Foundation	0.8	64	10	74			74				
Director Clinical Services	0.2	19	2	21			21	1	107		107
Director, Health Services	0.2	18	2	20			20	1	107		107
Director, Foundation & Community Services	0.2	17	2	19			19	1	99		99
Director Facility	0.2	17	2	19			19	1	107		107
Other management person(s) reporting directly to those above (avg. 2002 $108, avg. 2001 $80) (excluding severance)	8.5	843	108	951	2	176	1,127	10	801		801
Regulated nurses not included above (avg. 2002 $65, avg. 2001 $58) (excluding severance)	192	11,114	1,454	12,568			12,568	174	10,109		10,109
Other health technical and professionals (avg. 2002 $67, avg. 2001 $60) (excluding severance)	67	3,957	522	4,479			4,479	67	4,017	33	4,050
Unregulated health service providers (avg. 2002 $40, avg. 2001 $44) (excluding severance)	121	3,825	520	4,345			4,345	106	3,260		3,260
Other staff	97	4,518	398	4,916			4,916	103	4,492		4,492
	503	24,692	3,297	27,989	2	176	28,165	466	23,502	33	23,535
Total	517	$ 24,821	$ 3,297	$ 28,118	2	$ 176	$ 28,294	480	$ 23,621	33	$ 23,654

Schedule 1

NORTHERN LIGHTS REGIONAL HEALTH AUTHORITY
SCHEDULE OF EXPENSES BY OBJECT
FOR THE YEAR ENDED MARCH 31, 2002
(thousands of dollars)

	Budget	2002	2001
Salaries, benefits, allowances (Schedule 2)	$ 27,509	$ 28,294	$ 23,654
Contracts with health service operators (Note 20(c))	2,570	2,812	2,289
Drugs, gases, medical and surgical supplies	1,302	1,563	1,316
Consulting services	1,906	2,636	1,516
Other	5,670	5,743	5,373
Amortization:			
Equipment	902	749	690
Facilities and improvements: health operations	1,883	1,422	1,850
	41,742	43,209	36,688
Less: amounts reported in ancillary operations (Note 15)	(409)	(533)	(392)
	$ 41,333	$ 42,676	$ 36,296

Schedule 2 (continued)

SCHEDULE OF SALARIES, BENEFITS AND ALLOWANCES

FOR THE YEAR ENDED MARCH 31, 2002

(1) The average number of individuals is calculated based on a weighted average number of individuals occupying a category or position for the year based on a standard work year except for named individuals.

Total actual discrete number of individuals employed was 683 as of March 31, 2002 and 665 as of March 31, 2001.

(2) Salaries includes regular base pay, overtime, lump sum payments, honoraria and any other direct cash remuneration including sick leave, short-term disability and vacation.

(3) Benefits and allowances included the employers share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, out of country medical benefits, group life insurance, accidental death and dismemberment, long-term disability plans, Canada Pension Plan, unemployment insurance, workers compensation, car benefits and allowances and tuition.

(4) Severance includes all monies paid directly or on behalf of an employee upon termination which are not included in salaries and benefits.

Schedule 3

NORTHERN LIGHTS REGIONAL HEALTH AUTHORITY
SUMMARY OF REVENUES AND EXPENSES
FOR THE PERIOD COMMENCING APRIL 1, 1999

(thousands of dollars)

	Actual		
	2002	2001	2000 (as restated)
Revenue			
Alberta Health and Wellness contributions	$ 34,354	$ 29,890	$ 28,029
Other government contributions	774	577	204
Fees and charges	3,065	2,627	2,765
Ancillary operations, net	(49)	(25)	(20)
Donations	195	237	110
Investment and other income	1,000	727	556
Amortization of external capital contributions, health operations	2,037	2,392	2,266
Total revenue	41,376	36,425	33,910
Expenses			
Facility based inpatient acute services	11,105	8,575	7,861
Facility based emergency and outpatient services	3,244	3,264	2,748
Facility based continuing care services	1,741	1,488	1,332
Community and home based services	1,622	1,200	955
Diagnostic and therapeutic services	8,546	7,496	6,573
Promotion, prevention and protection services	2,585	1,952	1,750
Administration	3,453	2,779	1,989
Information technology and we/net	925	887	696
Year 2000 costs	-	17	622
Support services	8,033	6,794	5,935
Amortization of facilities and improvements, health operations	1,422	1,844	1,770
Total expenses	42,676	36,296	32,231
Excess (deficiency) of revenues over expenses	$ (1,300)	$ 129	$ 1,679

A pro-forma summary of revenue and expenses is not presented as there have been no transfers of programs or boundary changes for which pro-forma adjustments are necessary.

#17

Financial Statements of

NORTHWESTERN REGIONAL HEALTH AUTHORITY

March 31, 2002

Deloitte & Touche

Auditors' Report

To the Members of the
Northwestern Regional Health Authority
and the Minister of Alberta Health and Wellness

We have audited the statement of financial position of Northwestern Regional Health Authority (the Authority) as at March 31, 2002, and the statements of operations, changes in net assets, and cash flow for the year then ended. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Authority as at March 31, 2002, and the results of its operations and cash flow for the year then ended in accordance with Canadian generally accepted accounting principles.

Deloitte & Touche LLP
Chartered Accountants

June 11, 2002

NORTHWESTERN REGIONAL HEALTH AUTHORITY

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

FINANCIAL STATEMENTS

MARCH 31, 2002

The accompanying financial statements are the responsibility of management and have been approved by the Authority. The financial statements were prepared in accordance with Canadian generally accepted accounting principles and the Financial Directives issued by Alberta Health and Wellness and, of necessity, include some amounts that are based on estimates and judgments.

To discharge its responsibility for the integrity and objectivity of financial reporting, management maintains a system of internal accounting controls comprising written policies, standards and procedures, a formal authorization structure, and satisfactory processes for reviewing internal controls. This system is designed to provide management with reasonable assurance that transactions are in accordance with governing legislation, are properly authorized, reliable financial records are maintained, and assets are adequately accounted for and safeguarded. The Authority has established a code of ethics and corporate directives, which require communication of the code to employees.

The Authority members carry out their responsibility for the financial statements through the Finance Committee. This Committee meets with management and the external auditor, Deloitte & Touche LLP, to discuss and review financial matters, and recommends the financial statements to the Northwestern Regional Health Authority Board for approval. The external auditor has full and free access to the Finance Committee.

Deloitte & Touche LLP provides an independent audit of the financial statements. Their examination is conducted in accordance with Canadian generally accepted auditing standards and includes tests and other procedures, which allow them to report on the fairness of the financial statements prepared by management.

Rayann Ulvick
Chief Executive Officer

Gary Johnson
Director of Corporate Services

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NORTHWESTERN REGIONAL HEALTH AUTHORITY
Statement of Financial Position
March 31, 2002
(thousands of dollars)

	2002	2001
ASSETS		
CURRENT		
Cash and temporary investments (Note 3)	$ 4,002	$ 3,719
Accounts receivable	213	138
Grants receivable	149	126
Inventories	174	206
Prepaid expenses	186	113
	4,724	4,302
NON-CURRENT CASH (Note 4)	1,795	2,474
GRANTS RECEIVABLE (Note 5)	15,854	199
CAPITAL ASSETS (Note 6)	24,677	18,487
	$ 47,050	$ 25,462
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	$ 899	$ 1,015
Accrued vacation pay	576	529
Deferred contributions (Note 7)	494	238
Current portion of long-term debt (Note 9)	-	6
	1,969	1,788
DEFERRED CAPITAL CONTRIBUTIONS (Note 8)	17,649	2,673
UNAMORTIZED EXTERNAL CAPITAL CONTRIBUTIONS (Note 10)	22,622	16,505
	42,240	20,966
COMMITMENTS (Note 13)		
NET ASSETS		
Unrestricted (Note 11)	-	-
Internally restricted (Note 12)	2,755	2,520
Investment in capital assets	2,055	1,976
	4,810	4,496
	$ 47,050	$ 25,462

APPROVED BY

Chief Executive Officer

Chairman of the Board

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NORTHWESTERN REGIONAL HEALTH AUTHORITY
Statement of Operations
Year ended March 31, 2002
(thousands of dollars)

	2002		2001
	Budget (Note 14)	**Actual**	Actual
REVENUES			
Alberta Health and Wellness contributions (Note 15)	$ 16,854	$ 16,825	$ 15,486
Other government contributions (Note 16)	724	777	610
Fees and charges	300	383	334
Ancillary operations - net (Note 17)	-	(45)	(40)
Donations	8	3	8
Investment and other income	250	134	233
Amortization of external capital contributions (Note 10)	1,200	1,235	1,222
	19,336	19,312	17,853
EXPENSES - Schedule 1			
Facility-based inpatient services	4,474	4,289	4,251
Facility-based emergency and out patient services	336	355	351
Facility-based continuing care services (Note 18)	1,275	1,523	1,426
Community and home-based services	2,696	2,581	2,221
Diagnostic and therapeutic services	2,257	2,346	2,292
Promotion, prevention, and protection services	1,644	1,534	1,239
Research and education	134	127	116
Administration (Note 19)	1,430	1,412	1,406
Information technology and Alberta we//net (Note 20)	350	351	325
Year 2000 remedial costs	-	-	6
Support services (Note 21)	3,358	3,604	3,360
Amortization of buildings and improvements	900	684	668
Amortization of building service equipment	-	192	192
	18,854	18,998	17,853
EXCESS OF REVENUES OVER EXPENSES	$ 482	$ 314	$ -

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NORTHWESTERN REGIONAL HEALTH AUTHORITY
Statement of Changes in Net Assets
Year ended March 31, 2002
(thousands of dollars)

	2002				2001
	Unrestricted (Note 11)	Internally Restricted (Note 12)	Investment in Capital Assets	Total	Total
EXCESS OF REVENUES OVER EXPENSES	$ 314	$ -	$ -	$ 314	$ -
CAPITAL ASSETS PURCHASED WITH INTERNAL FUNDS	-	(384)	384	-	-
AMORTIZATION ON INTERNALLY FUNDED CAPITAL ASSETS	311	-	(311)	-	-
REPAYMENT OF LONG-TERM DEBT USED TO FUND CAPITAL ASSETS	-	(6)	6	-	-
NET CHANGE	625	(390)	79	314	-
TRANSFER TO INTERNALLY RESTRICTED	(718)	718	-	-	-
INTERNALLY RESTRICTED FUNDS EXPENDED	93	(93)	-	-	-
BALANCE, BEGINNING OF YEAR	-	2,520	1,976	4,496	4,496
BALANCE, END OF YEAR	$ -	$ 2,755	$ 2,055	$ 4,810	$ 4,496

NORTHWESTERN REGIONAL HEALTH AUTHORITY
Statement of Cash Flow
Year ended March 31, 2002
(thousands of dollars)

	2002		2001
	Budget	Actual	Actual
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES			
OPERATING			
Excess of revenues over expenses	$ 609	$ 314	$ -
Items not affecting cash			
Amortization of capital equipment			
Internally funded	429	281	251
Externally funded	300	559	566
Amortization of buildings and improvements			
Internally funded	900	30	30
Externally funded	-	751	732
Amortization of deferred external contributions	(1,200)	(1,310)	(1,298)
Gain on disposal of capital assets	-	(13)	(9)
	1,038	612	272
Change in non-cash working capital accounts	94	48	65
	1,132	660	337
INVESTING			
Allocation (to) from non-current cash	(450)	679	(103)
Purchase of capital assets			
Internally funded	(381)	(384)	(1,011)
Externally funded (Note 10)			
Equipment	(450)	(7,427)	(608)
Facilities and improvements	(1,500)	-	(1,854)
Proceeds on disposal of capital equipment	-	13	9
	(2,781)	(7,119)	(3,567)
FINANCING			
Capital contributions received (Note 8)	1,500	22,404	2,765
Refund of unused capital contributions	-	(1)	(1)
Repayment of long-term debt	(6)	(6)	(19)
Change in non-current grants receivable	-	(15,655)	(199)
	1,494	6,742	2,546
(DECREASE) INCREASE IN CASH AND TEMPORARY INVESTMENTS	(155)	283	(684)
CASH AND TEMPORARY INVESTMENTS, BEGINNING OF YEAR	3,520	3,719	4,403
CASH AND TEMPORARY INVESTMENTS, END OF YEAR	$ 3,365	$ 4,002	$ 3,719

1. AUTHORITY, PURPOSE AND OPERATION

Northwestern Regional Health Authority (the Authority) was established on June 24, 1994, under the authority of the Regional Health Authority Act, Chapter R-9.07, Statutes of Alberta 1994. The Authority is a registered charity under the Income Tax Act and is therefore exempt from the payment of income tax.

The Authority is responsible for the delivery of appropriate, accessible, and affordable health services in the region. This responsibility includes operating programs designed to promote, protect, maintain, restore, and enhance physical and mental well-being.

The Authority operates the following facilities and sites:

- High Level General Hospital
- St. Theresa General Hospital
- Rainbow Lake Health Centre
- La Crete Health Centre
- Paddle Prairie Health Centre
- High Level Health Centre
- Fort Vermilion Health Centre
- Zama City Nursing Station
- RHA Corporate Office

2. ACCOUNTING POLICIES AND REPORTING PRACTICES

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles and the reporting requirements of Financial Directive 19 issued by Alberta Health and Wellness.

The financial statements by their nature contain estimates and are subject to measurement uncertainty. The amounts recorded for amortization of capital assets and amortization of external capital contributions are based on estimates of the useful life of related assets. Actual results could differ from these estimates. In addition, the Authority is currently included in the Goods and Services (GST) free list of Alberta Government entities and therefore does not record or pay GST on purchased supplies and services. This situation could change in future if the Authority ceases to be part of the GST free list of Alberta Government.

The following are the significant accounting policies:

(a) *Basis of presentation*

These financial statements include all facilities and sites that the Authority operates. The Northern Peace Foundation is not consolidated in these financial statements.

2. ACCOUNTING POLICIES AND REPORTING PRACTICES (continued)

(b) *Revenue recognition*

These financial statements have been prepared using the deferral method, the key elements of which are:

(i) Unrestricted operating grants and other contributions are recognized as revenue in the year received or receivable.

(ii) Externally restricted non-capital contributions are deferred and recognized as revenue in the year when related expenses are incurred.

(iii) Externally restricted capital contributions are recorded as deferred contributions until the amount is invested in capital assets. Amounts invested representing externally funded capital assets are then transferred to unamortized external capital contributions. Unamortized external capital contributions are recognized as revenue in the periods in which the related amortization expense of the funded capital asset is recorded.

(iv) Restricted contributions for the purchase of capital assets, which will not be amortized, are recorded as direct increases to net assets.

(v) Unrestricted investment income is recognized in the year it is earned.

(vi) Investment income subject to external restrictions is, depending on the nature of the restrictions, recorded as a direct increase to net assets or is deferred and recognized as revenue in the year the related expenses are incurred.

(vii) Donations and contributions in kind are recorded at fair value when such value can reasonably be determined.

(c) *Full cost*

The Authority accounts for all costs and revenues related to services carried out for which it is responsible.

The fair value of costs of service is recorded. The fair value transactions recorded consist of the following:

- Revenue earned by contracted health service operators from Ministry of Health and Wellness designated fees and charges are recorded as fees and charges of the Authority. An equivalent amount is recorded as contracted health service operator expense of the Authority.

- Payments made by Alberta Health and Wellness directly to contracted health service operators for health programs are recorded as revenue and an equivalent amount recorded as program expenses as these payments represent part of the cost of the Authority's health programs.

- The fair value for use of non-acute care facilities not owned by the Authority and provided to the Authority at zero or nominal rent is recorded as other government contributions and as program expenses.

NORTHWESTERN REGIONAL HEALTH AUTHORITY
Notes to the Financial Statements
Year ended March 31, 2002
(thousands of dollars)

2. ACCOUNTING POLICIES AND REPORTING PRACTICES (continued)

(c) *Full cost (continued)*

- Other assets, supplies, and service contributions that would otherwise have been purchased are recorded as revenue and expenses at fair value at the date of contribution when a fair value can be reasonably determined. Volunteers contribute a significant amount of time each year to assist the Authority in carrying out its programs and services. However, contributed services of volunteers are not recognized as revenue and expenses in these financial statements because fair value cannot be reasonably determined.

(d) *Employee future benefits*

The Authority participates in the Local Authorities Pension Plan and the Public Service Pension Plan. These multi-employer defined benefit pension plans provide pensions for the Authority's participating employees, based on years of service and earnings.

Defined contribution plan accounting is applied to a multi-employer defined benefit plan for which the Authority has insufficient information to apply defined benefit plan accounting.

Pension costs in the financial statements comprise the employer's contributions required for its employees during the year, based on rates expected to provide benefits payable under the pension plans. The Authority does not record its portion of the plans' deficit or surplus.

The Authority fully accrues its obligations for employee non-pension future benefits.

(e) *Temporary investments*

Temporary investments are recorded at lower of cost and market.

(f) *Inventories*

Inventories are recorded at the lower of cost or net realizable value. Cost is defined as the moving average laid down cost.

(g) *Financial instruments*

The carrying value of accounts receivable, grants receivable, and accounts payable and accrued liabilities approximates their fair value because of the short-term maturity of these items.

The carrying value of long-term debt approximates fair value because the interest rate approximates current market rates.

NORTHWESTERN REGIONAL HEALTH AUTHORITY
Notes to the Financial Statements
Year ended March 31, 2002
(thousands of dollars)

2. ACCOUNTING POLICIES AND REPORTING PRACTICES (continued)

(h) *Capital assets*

Capital assets and construction in progress are recorded at cost. Capital assets costing less than $2,000 are expensed.

Capital assets are amortized on a straight-line basis over the estimated useful life of the assets as follows:

Buildings and improvements	2 - 5%
Equipment and building service equipment	5 - 33%
Land improvements	5 - 10%

Construction projects in progress are not amortized until the project is complete. The Authority records a full year of amortization in the year of acquisition. This is consistent with prior years.

Leases transferring substantially all of the benefits and risks of ownership of capital assets to the Authority are accounted for as acquisitions of capital assets financed by long-term obligations.

3. CASH AND TEMPORARY INVESTMENTS

	2002	2001
Cash	**$ 2,081**	$ 1,683
Short-term pooled fund units (market - $477; 2001 - $795)	**477**	795
Fixed income pooled fund units (market - $1,009; 2001 - $781)	**1,009**	781
U.S. equity pooled fund units (market - $109; 2001 - nil)	**109**	-
International equities (market $154; 2001 - $170)	**154**	170
Canadian equity pooled fund units (market - $131; 2001 - $91)	**131**	91
	$ 3,961	$ 3,520

4. NON-CURRENT CASH

	2002	2001
Cash	**$ 1,795**	$ 2,474

All non-current cash represents amounts externally restricted for capital acquisitions.

5. NON-CURRENT GRANTS RECEIVABLE

	2002	2001
Alberta Health and Wellness	$ 213	$ 199
Alberta Infrastructure	15,641	-
	$ 15,854	$ 199

The amounts due from Alberta Health and Wellness and Alberta Infrastructure are for capital acquisitions.

6. CAPITAL ASSETS

	2002			2001
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Buildings and improvements	$ 18,818	$ 6,607	$ 12,211	$ 12,647
Equipment and building service equipment	10,330	7,770	2,560	2,696
Well net	69	35	34	47
Land improvements	736	671	65	3
Land	234	-	234	234
Construction in progress	9,573	-	9,573	2,860
	$ 39,760	$ 15,083	$ 24,677	$ 18,487

Capital assets have been funded from the following sources:

	2002	2001
Externally funded (unamortized external capital contributions) - Note 10	$ 22,622	$ 16,505
Internally funded (invested in capital assets)	2,055	1,976
Obligation under capital lease - Note 9	-	6
	$ 24,677	$ 18,487

Leased equipment

Included in equipment and building service equipment are items acquired through capital leases at a cost of $95 (2001 - $95) with accumulated amortization of $95 (2001 - $76).

6. CAPITAL ASSETS (continued)

Paddle Prairie Health Center

In late 2001, the Paddle Prairie Health Center was closed due to toxic molds that were found growing in the building. At the financial statement date, the Authority was uncertain whether the facility will be replaced or if costs will be incurred to implement a mold abatement program. Estimated costs to replace the facility are currently unknown. Costs to implement the abatement program are estimated to range from $177 to $351. A decision will be made once funding from Alberta Infrastructure has been determined and approved.

7. DEFERRED CONTRIBUTIONS

	2002	2001
Amounts received		
Restricted Alberta Health and Wellness contributions		
ICD 10	$ 43	$ -
Telehealth	40	-
Child Health Initiative	20	-
Early Childhood Development	202	-
Specialist on Call	83	-
Health Innovation Fund	27	15
Year 2000 remedial costs	-	32
Archival Blood Review	-	50
Donations	45	217
Other	41	
Amounts recognized as revenue:		
Alberta Health and Wellness contributions (Note 15)	(148)	(8)
Other government contributions (Note 16)	-	(5)
Year 2000 remedial costs	-	(6)
Donations	(3)	(8)
Amounts receivable in 2001 not received from Alberta Health and Wellness due to program cancellation:		
Archival Blood Review	(47)	-
Amounts transferred to deferred capital contributions:		
ICD 10 funding (Note 8)	(13)	-
Year 2000 remedial costs (Note 8)	-	(26)
Donations (Note 8)	(34)	(249)
Change during the year	256	12
Balance, beginning of year	238	226
Balance, end of year	$ 494	$ 238

NORTHWESTERN REGIONAL HEALTH AUTHORITY

Notes to the Financial Statements

Year ended March 31, 2002

(thousands of dollars)

7. DEFERRED CONTRIBUTIONS (continued)

Unspent amounts at year-end are restricted for the following purposes:

	2002	2001
Current		
ICD 10	$ 28	$ -
Telehealth	7	-
Early Childhood Development	202	-
Specialist on call	83	-
Alberta Cancer Board Grant	41	-
Health Innovation Fund	98	113
Healthy Aging	7	57
Donations	20	12
Community Health Council Grant	6	6
Archival Blood Review	2	50
	$ 494	$ 238

NORTHWESTERN REGIONAL HEALTH AUTHORITY

Notes to the Financial Statements

Year ended March 31, 2002

(thousands of dollars)

8. DEFERRED CAPITAL CONTRIBUTIONS

Deferred capital contributions balance represents amounts accounted for in accordance with the accounting policy described in Note 2(b).

	2002	2001
Amounts received:		
Restricted Alberta Health and Wellness contributions	$ 205	$ 199
Restricted other government contributions	22,022	2,124
Restricted other contributions	130	153
Year 2000 remedial costs (Note 7)	-	26
Alberta we//net funding	-	14
ICD 10 funding restricted for capital purposes (Note 7)	13	-
Donations restricted for capital purposes (Note 7)	34	249
	22,404	2,765
Transferred to:		
Refund to APWSS	(1)	(1)
Unamortized external capital contributions (Note 10)	(7,427)	(2,462)
	(7,428)	(2,463)
Change during the year	14,976	302
Balance, beginning of year	2,673	2,371
Balance, end of year	$ 17,649	$ 2,673
Balance at end of year is restricted for the following purposes:		
Equipment replacement, building and site upgrades	$ 959	$ 1,120
New construction		
La Crete Continuing Care Centre	-	1
High Level General Hospital - new facility	16,609	1,324
Lottery funding - medical equipment	6	153
Telehealth funding	75	75
	$ 17,649	$ 2,673

NORTHWESTERN REGIONAL HEALTH AUTHORITY
Notes to the Financial Statements
Year ended March 31, 2002
(thousands of dollars)

9. LONG-TERM DEBT

	2002	2001
Obligation under capital lease	$ -	$ 6
Less current portion	-	6
	$ -	$ -

The capital lease expired on July 1, 2001. The effective interest rate payable on this lease was 7.96 percent.

10. UNAMORTIZED EXTERNAL CAPITAL CONTRIBUTIONS

Unamortized external capital contributions reflect transactions accounted in accordance with the accounting policy described in Note 2(b). The balance at year-end represents the external capital contribution that will be recognized as revenue in future years.

	2002	2001
Balance, beginning of year	$ 16,505	$ 15,341
Add amounts transferred from:		
Deferred capital contributions (Note 8)	7,427	2,462
	23,932	17,803
Less amounts recognized as revenue:		
Northwestern Regional Health Authority	(1,235)	(1,222)
Ancillary operations (Note 17)	(75)	(76)
Balance, end of year	$ 22,622	$ 16,505

NORTHWESTERN REGIONAL HEALTH AUTHORITY
Notes to the Financial Statements
Year ended March 31, 2002
(thousands of dollars)

11. UNRESTRICTED AND INTERNALLY RESTRICTED NET ASSETS

The balance of unrestricted and internally restricted net assets can be analyzed as follows:

	2002	2001
Unrestricted and internally restricted net assets at regionalization - April 1, 1995	$ 11	$ 11
Changes since regionalization:		
Cumulative operating surplus	4,799	4,485
Invested in capital assets (net of amortization)	(1,969)	(1,896)
Repayment of long-term debt	(94)	(88)
Writedown of internally funded capital assets	8	8
Balance	$ 2,755	$ 2,520
Unrestricted	$ -	$ -
Internally restricted (Note 12)	2,755	2,520
	$ 2,755	$ 2,520

12. INTERNALLY RESTRICTED NET ASSETS

The Authority has internally restricted the following amounts for:

	2002	2001
Operating reserve fund	$ 1,149	$ 1,078
Innovative funding	199	235
Capital projects and equipment	180	185
Future equipment replacement	1,164	920
Programs	63	102
	$ 2,755	$ 2,520

13. COMMITMENTS

The Authority is committed to several contracts and is required to make the following minimum payments over the next five years:

	Equipment Leases	Healthcare Service Contracts	Equipment Maintenance Contracts	Capital Purchase Commitments	Total Commitments
2003	$ 36	$ 279	$ 75	$ 1,300	$ 1,690
2004	22	279	33	-	334
2005	8	-	23	-	31
2006	3	-	15	-	18
2007	-	-	15	-	15

14. BUDGET

	Approved Budget[1]	Additional Funding[2]	Adjustments	Reported Budget
Revenues				
Alberta Health and Wellness contributions	$ 16,981	$ (127)	$ -	$ 16,854
Other government contributions	724	-	-	724
Fees and charges	300	-	-	300
Ancillary operations - net	-	-	-	-
Donations	8	-	-	8
Investment and other income	250	-	-	250
Amortization of external capital contributions	1,200	-	-	1,200
	19,463	(127)	-	19,336
Expenses				
Facility-based inpatient services	4,474	-	-	4,474
Facility-based emergency and out patient services	336	-	-	336
Facility-based continuing care services	1,275	-	-	1,275
Community and home-based services	2,696	-	-	2,696
Diagnostic and therapeutic services	2,257	-	-	2,257
Promotion, prevention, and protection services	1,644	-	-	1,644
Research and education	134	-	-	134
Administration	1,430	-	-	1,430
Information technology and well/net	350	-	-	350
Support services	3,358	-	-	3,358
Amortization of facilities and improvements	900	-	-	900
	18,854	-	-	18,854
Excess of revenues over expenses	$ 609	$ (127)	$ -	$ 482

(1) The budget was approved by the Board of the Authority prior to approval by the Minister of Health and Wellness on December 18, 2001, following the roll back of funding[2].

(2) In October, 2001, the Minister of Health and Wellness announced a reduction to the Authority's funding of $127.

15. ALBERTA HEALTH AND WELLNESS CONTRIBUTIONS

	2002 Budget (Note 14)	2002 Actual	2001 Total
Unrestricted contributions	$ 16,854	$ 16,677	$ 15,472
Transfers from deferred contributions (Note 7)	-	148	14
	$ 16,854	$ 16,825	$ 15,486

16. OTHER GOVERNMENT CONTRIBUTIONS

	2002 Budget (Note 14)	2002 Actual	2001 Total
Alberta Mental Health Board	$ 664	$ 708	$ 549
Transfers from deferred contributions (Note 7)	-	-	5
Fair value of rent less rent charges for non-acute care facilities used by the Authority	60	69	56
	$ 724	$ 777	$ 610

17. ANCILLARY OPERATIONS

	2002 Non-Patient Food Services Operations	2002 Property Management Operations	2002 Total	2002 Budget	2001 Total
Revenues					
Revenues	$ 104	$ 126	$ 230	$ 217	$ 213
Amortization of deferred capital contributions	-	75	75	-	76
	104	201	305	217	289
Expenses					
Other expenses	146	111	257	217	235
Amortization	-	93	93	-	94
	146	204	350	217	329
Deficiency of revenues over direct expenses (2001-02)	$ (42)	$ (3)	$ (45)	$ -	$ (40)
Deficiency of revenues over direct expenses (2000-01)	$ (34)	$ (6)	$ (40)	$ -	$ (40)

18. FACILITY-BASED CONTINUING CARE SERVICES

Facility-based continuing care services include expenses associated with the Healthy Aging Partnership Initiative (HAPI) of $42 (2001 – $8).

19. ADMINISTRATION

	2002		2001
	Budget	**Actual**	Total
General administration	$ 222	$ 211	$ 213
Corporate administration	408	411	382
Board of Directors	183	134	147
Finance	345	369	315
Personnel	220	242	303
	1,378	1,367	1,360
Amortization of capital assets	52	45	46
	$ 1,430	$ 1,412	$ 1,406

20. INFORMATION TECHNOLOGY AND ALBERTA WE*LL*NET

	2002		2001
	Budget	**Actual**	Total
Alberta we*ll*net	$ 12	$ -	$ 50
Information systems support	311	327	251
	323	327	301
Amortization of capital assets	27	24	24
	$ 350	$ 351	$ 325

Alberta we*ll*net is the province-wide, strategic initiative to build a health information network. The initiative brings together a broad spectrum of health professionals into multi-disciplinary teams to put information technology to work to improve health service delivery to all Albertans. Alberta we*ll*net brings together doctors, nurses, regional health authorities, pharmacists, the Alberta Cancer Board, the Alberta Mental Health Board, universities and faculties of medicine, a national health information institute, and Alberta Health and Wellness in the planning and implementation of the network.

20. INFORMATION TECHNOLOGY AND ALBERTA WE*LL*NET (continued)

The Authority's contribution has been applied towards planning and predevelopment activities that will produce clinical and administrative deliverables beginning in 2000-2001, or to develop applications to support we*ll*net initiatives. In accordance with Canadian generally accepted accounting principles, nil (2001 - $30) has been capitalized and nil (2001 - $50) has been expensed.

21. SUPPORT SERVICES

	2002		2001
	Budget	**Actual**	Total
Building maintenance, operations, and security	$ 1,270	$ 1,476	$ 1,321
Patient food services	655	674	614
Materials management	518	517	488
Patient health records	254	241	224
Communications	127	136	131
Laundry and linen	145	139	135
Patient registration	114	119	107
Fleet management	28	41	40
Patient transportation	75	78	80
Other	47	72	112
	3,233	3,493	3,252
Amortization of capital assets	125	111	108
	$ 3,358	$ 3,604	$ 3,360

22. RELATED PARTY TRANSACTIONS

Province of Alberta

The Authority is established under the Regional Health Authority Act. The Minister of Health appoints the members of the Authority. Transactions between the Authority and the Province are disclosed in the statement of operations and Notes 4, 6, and 7 to the financial statements. Included in grants receivable is $362 (2001 - $261) due from Alberta Health and Wellness.

Health authorities

The Authority shares a common relationship with other health authorities by way of its relationship with the Province of Alberta. Transactions between the Authority and other health authorities are reported in the statement of operations.

22. RELATED PARTY TRANSACTIONS (continued)

Northern Peace Foundation

The Northern Peace Foundation (the Foundation) was established in 1996 and is considered to be significantly influenced by the Authority. The Foundation is not consolidated in these financial statements.

The incorporation of this Foundation was done under the Regional Health Authorities Act and is a registered charity under the Income Tax Act. The Foundation was incorporated for the purpose of raising funds to benefit the Authority.

	2002	2001
Total assets	$ 17	$ 17
Total liabilities	1	1
Net assets	$ 16	$ 16
Revenue	$ -	$ 3
Expenses	1	115
Deficiency of revenue over expenses	$ (1)	$ (112)

Contributions received by Health Authority Year ended March 31		Resources held by Foundation at March 31, 2002	
2002	2001	Externally Restricted	Unrestricted
$ -	$ 115	$ -	$ 16

Private health service operators

The Authority contracts with private health service operators to provide health services in the Region. The health service operators and the amount of the contracted health services for the year are as follows:

	Direct Authority Funding	Approved Patient Fees and Charges	2002 Total	2001 Total
Dynacare Kasper Medical Labs	$ 279	$ -	$ 279	$ 240

	2002	2001
Reported in the following expense categories		
Diagnostic and therapeutic services	$ 279	$ 240

23. PENSION COSTS

The Authority participates in the Local Authorities Pension Plan and Public Service Pension Plan, which are multi-employer defined benefit plans. The pension expense recorded in these financial statements is equivalent to the Authority's annual contributions payable of $437 for the year ended March 31, 2002 (2001 - $395).

At December 31, 2001, the Local Authorities Pension Plan reported a surplus of $634,960 (2000 - $883,823).

24. PHYSICIAN PAYMENTS

The costs of physician fees paid by Alberta Health and Wellness for services rendered to the residents of the Authority amounts to $5,213 (2001 - $4,816). These amounts are not reflected in the financial statements.

25. COMPARATIVE FIGURES

Certain 2001 figures have been reclassified to conform to the 2002 presentation.

26. APPROVAL OF FINANCIAL STATEMENTS

These financial statements have been approved the Authority.

NORTHWESTERN REGIONAL HEALTH AUTHORITY

Salaries, Honoraria, Benefits, Allowances and Severance

Year ended March 31, 2002
(thousands of dollars)

Schedule 2

	2002					2001				
	Number of Individuals (1)	Salaries and Honoraria (2)	Benefits and Allowances (3)	Severance (4)	Total	Number of Individuals (1)	Salaries and Honoraria (2)	Benefits and Allowances (3)	Severance (4)	Total
AUTHORITY BOARD COMPENSATION										
RHA Chairperson										
Arnason, R. (Since November 1, 1998)	1.0	$ 19	$ -	$ -	$ 19	1.0	$ 18	$	$	$ 18
RHA Members										
Brewster, D (ceased membership October 2001)	1.0	1	-	-	1	1.0	4			4
Bueckert, G	1.0	8	-	-	8	1.0	6			6
Dechant, B	1.0	8	-	-	8	1.0	8			8
Hawrylak, P	1.0	9	-	-	9	1.0	9			9
Neufeld, B	1.0	10	-	-	10	1.0	12			12
Natooch, M	1.0	2	-	-	2					
Sokoloski, L (ceased membership October 2001)	1.0	4	-	-	4	1.0	12			12
Steer, D	1.0	3	-	-	3	1.0	4			4
Wanuch, T	1.0	13	-	-	13	1.0	10			10
Subtotal Authority Board Compensation	10.0	$ 77	$ -	$ -	$ 77	9.0	$ 83	$	$	$ 83

NORTHWESTERN REGIONAL HEALTH AUTHORITY

Expenses by Object

Year ended March 31, 2002
(thousands of dollars)

Schedule 1

	Budget	2002	2001
Salaries, honoraria, benefits, allowances and severance - Schedule 2	$ 12,093	$ 12,199	$ 11,415
Contracts with health service operators	257	279	240
Drugs, gases, medical and surgical supplies	549	610	696
Consulting services	224	343	208
Interest on long-term debt	-	-	1
Other	4,319	4,266	4,043
Amortization			
Capital equipment - internally funded	429	311	251
- externally funded	300	559	566
Facilities and improvement	900	781	762
	19,071	19,348	18,182
Less amounts reported in ancillary operations (Note 17)	217	350	329
	$ 18,854	$ 18,998	$ 17,853

NORTHWESTERN REGIONAL HEALTH AUTHORITY

Salaries, Honoraria, Benefits, Allowances and Severance

Schedule 2 (continued)

Year ended March 31, 2002
(thousands of dollars)

	2002					2001				
	Number of Individuals (1)	Salaries and Honoraria (2)	Benefits and Allowances (3)	Severance (4)	Total	Number of Individuals (1)	Salaries and Honoraria (2)	Benefits and Allowances (3)	Severance (4)	Total
Subtotal Authority Board Compensation	10.0	$ 77	$ -	$ -	$ 77	9.0	$ 83	$	$	$ 83
OTHER AUTHORITY BOARD COMPENSATION										
Executive Director										
Ulrick, R. (current - since Sept. 99)	1.0	127	13	-	140	1.0	109	13		122
Management persons reporting to the Executive Director										
Executive Assistant	1.0	54	8	-	62	1.0	56	9		65
Director, Health Services East	1.0	99	11	-	110	1.0	91	11		102
Director, Corporate Services	1.0	102	11	-	113	1.0	99	11		110
Regional Director, Communications	1.0	69	8	-	77	1.0	29			29
Director, Health Services, West	1.0	91	11	-	102	1.0	89	12	24	125
Other management personnel										
(Reporting to above)										
(avg 2002 - $78,465; 2001 - $70,500) (excluding severance)	14.0	975	123	-	1,098	12.5	778	103	21	902
Regulated nurses										
(avg 2002 - $55,180; 2001 - $55,722) (excluding severance)	74.6	3,671	445	-	4,116	71.8	3,575	426	60	4,061
Other health technical and professionals										
(avg 2002 - $53,420; 2001 - $49,262) (excluding severance)	41.4	1,972	240	20	2,232	37.2	1,611	217		1,828
Unregulated health service providers										
(avg 2002 - $35,831; 2001 - $29,476)	34.2	1,071	155	-	1,226	36.7	944	138		1,082
Other Staff										
(avg 2002 - $33,642; 2001 - $34,283)	80.0	2,473	372	1	2,846	87.3	2,542	364		2,906
Subtotal Other Authority Board Compensation	260.1	10,704	1,397	21	12,122	251.4	9,923	1,304	105	11,332
Total	270.1	$ 10,781	$ 1,397	$ 21	$ 12,199	260.4	$ 10,006	$ 1,304	$ 105	$ 11,415

NORTHWESTERN REGIONAL HEALTH AUTHORITY

Salaries, Honoraria, Benefits, Allowances and Severance

Schedule 2 (continued)

Year ended March 31, 2002

1. Full-time equivalent has been determined by dividing the actual number of hours worked by the annual hours required to be considered full time for the following categories based on contracts in place during the year:

Executive Director	1,957.50 hours
Community Health and Home Care Employees	1,957.50 hours
Registered Nurses (UNA Local 124)	1,914.75 hours
CUPE, HSAA and CHCG Employees	2,022.75 hours
All others not included above	1,957.50 hours

Total actual discrete number of individuals employed: 2002 - 319 (2001 - 328).

2. Salaries and honorarias include regular base pay, overtime, lump-sum payments, honoraria, and any other direct cash remuneration including sick leave, short-term disability, and vacation.

3. Benefits and allowances include the employers share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, out-of-country medical benefits, group life insurance, accidental death and dismemberment, long-term disability plans, Canada Pension Plan, unemployment insurance, workers compensation, car benefits, and allowances and tuition.

4. Severance expenses include amounts paid in lieu of notice and certain other severance related costs. Numbers of staff reported under the severance category are the discrete numbers of people receiving severance.

5. The total amount is reported in Schedule 1.

NORTHWESTERN REGIONAL HEALTH AUTHORITY
Three Year Summary of Revenue and Expenses

Period commencing April 1, 2000
(thousands of dollars)

	2002	2001	2000
REVENUES			
Alberta Health and Wellness contributions	**$ 16,825**	$ 15,486	$ 14,731
Other government contributions	**777**	610	492
Fees and charges	**383**	334	256
Ancillary operations - net	**(45)**	(40)	(10)
Donations	**3**	8	5
Investment and other income	**134**	233	198
Amortization of external capital contributions	**1,235**	1,222	1,179
	19,312	17,853	16,851
EXPENSES			
Facility-based inpatient acute services	**4,289**	4,251	3,705
Facility-based emergency and outpatient services	**355**	351	306
Facility-based continuing care services	**1,523**	1,426	693
Community and home-based services	**2,581**	2,221	1,953
Diagnostic and therapeutic services	**2,346**	2,292	1,755
Promotion, prevention, and protection services	**1,534**	1,239	788
Research and education	**127**	116	146
Administration	**1,412**	1,406	1,442
Information technology and well/net	**351**	325	258
Year 2000 remedial costs	**-**	6	241
Support services	**3,604**	3,360	2,821
Amortization of facilities and improvements	**684**	668	328
Amortization of building service equipment	**192**	192	173
Capital asset writedown	**-**	-	278
	18,998	17,853	14,887
Excess of revenue over expenses	**$ 314**	$ -	$ 1,964

Note: No adjustments are required or pro forma figures.

Alberta Mental
Health Board

Alberta Mental Health Board

Financial Statements
March 31, 2002

ALBERTA MENTAL HEALTH BOARD

FINANCIAL STATEMENTS

MARCH 31, 2002

Statement of Management's Responsibility

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Schedule 2 - Schedule of Salaries, Honoraria, Benefits, Allowances and Severance

Schedule 3 - Three-Year Summary of Revenue and Expenses

AUDITOR
GENERAL
Alberta

AUDITOR'S REPORT

To the Members of the Alberta Mental Health Board
and the Minister of Health and Wellness

I have audited the statement of financial position of the Alberta Mental Health Board (the "Board") as at March 31, 2002, and the statements of operations, cash flows, and changes in net assets for the year then ended. These financial statements are the responsibility of the Board's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at March 31, 2002 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Fred J Dunn CA
Auditor General

Edmonton, Alberta
May 31, 2002

ALBERTA MENTAL HEALTH BOARD
MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING
FINANCIAL STATEMENTS
MARCH 31, 2002

The accompanying financial statements are the responsibility of management and have been approved by the Alberta Mental Health Board ("AMHB" or the "Board"). The financial statements were prepared in accordance with Canadian generally accepted accounting principles and the Financial Directives issued by Alberta Health and Wellness, and of necessity include some amounts that are based on estimates and judgments.

To discharge its responsibility for the integrity and objectivity of financial reporting, management maintains a system of internal accounting controls comprising written policies, standards and procedures, a formal authorization structure, and satisfactory processes for reviewing internal controls. This system is designed to provide management with reasonable assurance that transactions are in accordance with governing legislation, are properly authorized, reliable financial records are maintained, and assets are adequately accounted for and safeguarded. The AMHB has established a code of ethics and corporate directives, which require communication of the code to employees.

The AMHB Board members carry out their responsibility for the financial statements through the Resources Committee of the Board. This Committee meets with management and the Auditor General to discuss and review financial matters, and recommends the financial statements to the AMHB for approval. The Auditor General has full and free access to the Resources Committee of the Board.

The Auditor General provides an independent audit of the financial statements. Their examination is conducted in accordance with Canadian generally accepted auditing standards and includes tests and other procedures which allow them to report on the fairness of the financial statements prepared by management.

Ray Block
Acting Chief Executive Officer

Dave Buist
Chief Financial Officer

ALBERTA MENTAL HEALTH BOARD
STATEMENT OF FINANCIAL POSITION
MARCH 31, 2002
(thousands of dollars)

	2002	2001
ASSETS		
Current:		
Cash and temporary investments (Note 3)	$ 42,596	$ 44,981
Accounts receivable	2,876	3,558
Contributions receivable (Note 4)	1,229	465
Inventories	849	790
Prepaid expenses	4,006	601
	51,556	50,395
Non-current investments (Note 3)	11,665	10,688
Capital contributions receivable (Note 4)	40,405	43,822
Property, plant and equipment (Note 5)	97,863	63,839
TOTAL ASSETS	$ 201,489	$ 168,744
LIABILITIES AND NET ASSETS		
Current:		
Accounts payable and accrued liabilities	$ 20,298	$ 17,884
Accrued vacation liability	8,995	8,844
Deferred contributions (Note 6)	5,263	3,558
	34,556	30,286
Deferred capital contributions (Note 7)	47,987	46,887
Unamortized external capital contributions (Note 8)	88,345	53,533
	170,888	130,706
Commitments and contingencies (Note 9)		
Net assets:		
Unrestricted (Note 10)	2,725	20,257
Internally restricted (Notes 10 & 11)	18,358	7,475
Investment in property, plant and equipment	9,518	10,306
	30,601	38,038
TOTAL LIABILITIES AND NET ASSETS	$ 201,489	$ 168,744

The accompanying notes and schedules are part of these financial statements.

ALBERTA MENTAL HEALTH BOARD
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 2002
(thousands of dollars)

	2002		2001
	Budget (Note 12)	Actual	Actual
Revenues			
Alberta Health and Wellness contributions (Note 13)	$ 219,382	$ 220,818	$ 203,578
Other government contributions (Note 14)	5,332	11,565	9,753
Fees and charges	2,686	2,739	2,948
Ancillary operations, net (Note 15)	(31)	(163)	(103)
Donations	20	52	29
Investment and other income (Note 16)	4,936	5,167	5,476
Amortization of external capital contributions (Note 8)	3,170	3,086	3,120
TOTAL REVENUES	235,495	243,264	224,801
Expenses (Schedule 1)			
Facility-based inpatient services	56,443	57,964	53,127
Facility-based emergency and outpatient services	8,885	9,215	7,537
Facility-based continuing care services	16,257	17,266	15,600
Community and home based services	84,999	91,264	72,781
Diagnostic and therapeutic services	17,236	18,781	17,359
Promotion, prevention and protection services	2,495	2,990	2,919
Research and education	750	1,046	675
Administration (Note 17)	14,851	14,604	12,654
Information technology and alberta we/net (Note 18)	5,462	5,456	5,905
Support services (Note 19)	29,583	30,210	29,588
Amortization of facilities and improvements	1,679	1,905	1,807
TOTAL EXPENSES	238,640	250,701	219,952
Excess (deficiency) of revenues over expenses	$ (3,145)	$ (7,437)	$ 4,849

ALBERTA MENTAL HEALTH BOARD
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED MARCH 31, 2002
(thousands of dollars)

	2002				2001
	Unrestricted	Internally Restricted (Notes 10 & 11)	Investment in Property, Plant and Equipment	Total	Total
Balance at beginning of year	$ 20,257	$ 7,475	$ 10,306	$38,038	$33,189
Excess (deficiency) of revenues over expenses	(7,437)	-	-	(7,437)	4,849
Property, plant and equipment purchased with internal funds	(1,349)	-	1,349	-	-
Amortization of internally funded property, plant and equipment	2,132	-	(2,132)	-	-
Net book value of disposals of internally funded property, plant and equipment	5	-	(5)	-	-
Transfer to internally restricted net assets, net (Note 11)	(10,883)	10,883	-	-	-
Balance at end of year	$ 2,725	$ 18,358	$ 9,518	$30,601	$38,038

ALBERTA MENTAL HEALTH BOARD
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2002
(thousands of dollars)

	2002 Budget	2002 Actual	2001 Actual
Cash generated from (used by):			
Operating activities:			
Excess (deficiency) of revenues over expenses	$ (3,145)	$ (7,437)	$ 4,849
Non-cash transactions:			
Amortization of capital equipment - internally funded	1,976	2,132	1,620
- externally funded	1,491	1,181	1,313
Amortization of facilities and improvements	1,679	1,905	1,807
Amortization of external capital contributions (Note 8)	(3,170)	(3,086)	(3,120)
Loss on disposal on internally funded property, plant and equipment	-	5	2
Gain on sale of investments	-	(167)	(56)
	(1,169)	(5,467)	6,415
Change in non-cash working capital accounts (Note 20)	(1,937)	724	5,873
Cash generated from (used by) operations	(3,106)	(4,743)	12,288
Investing activities:			
Purchase of investments	(5,000)	(9,569)	(4,834)
Purchase of property, plant and equipment:			
Internally funded - equipment	(2,113)	(1,313)	(1,327)
- facilities and improvements	-	(36)	-
Externally funded (Note 7) - equipment	(1,518)	(481)	(1,184)
- facilities and improvements	(40,000)	(37,417)	(11,712)
Proceeds on sale of investments	5,000	8,759	3,637
Decrease (increase) in capital contributions receivable (Note 4)	43,822	3,417	(43,822)
Cash generated from (used by) investing activities	191	(36,640)	(59,242)
Financing activities:			
Capital contributions received, net (Note 7)	1,518	38,998	59,230
Cash generated from financing activities	1,518	38,998	59,230
Increase (decrease) in cash and temporary investments	(1,397)	(2,385)	12,276
Cash and temporary investments, beginning of the year	44,981	44,981	32,705
Cash and temporary investments, end of the year (Note 3)	$ 43,584	$ 42,596	$44,981

ALBERTA MENTAL HEALTH BOARD
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2002

Note 1 Alberta Mental Health Board, Purpose and Restructuring of Operations

(a) Purpose

The Alberta Mental Health Board ("the Board") was established on April 1, 1999 by Alberta Regulation 84/99 (AR84/99). The regulation states that the Board shall carry out the following purposes on a province-wide basis:

- To promote, preserve and restore the mental health of Albertans and work towards the prevention of mental disorders;
- To assess the mental health of Albertans on an ongoing basis;
- To deliver or coordinate the delivery of mental health services in Alberta;
- To promote and act as an advocate for the provision of mental health services in a manner that is responsive to the needs of individuals and communities and supports the integration of services and facilities;
- To develop and monitor standards for, and monitor performance in, the delivery of mental health services;
- To determine priorities in the provision of mental health services in Alberta and allocate resources accordingly;
- To ensure reasonable access to quality mental health services; and
- To engage in and promote research in matters related to mental health.

The Board is responsible for delivering appropriate, accessible and affordable mental health services in Alberta. This responsibility includes operating programs designed to promote, protect, maintain, restore and enhance physical and mental wellbeing.

Operations of the Board include the following facilities and sites:
- Alberta Hospital Edmonton;
- Alberta Hospital Ponoka;
- Claresholm Care Centre;
- Raymond Care Centre; and
- Seventy-eight permanent community mental health clinics.

The Board is exempt from payment of income tax and is a registered charity under the Income Tax Act.

(b) Restructuring of Operations

In keeping with recommendations on the Report of the Premier's Advisory Council on Health (December 2001), on January 23, 2002, the Minister of Health and Wellness announced an intention to transfer and integrate mental health services to regional health authorities in early 2003. On March 12, 2002 Alberta Health and Wellness advised the Board and the regional health authorities that a detailed plan for transition would be developed by October 31, 2002 and that the transfer of mental health services would be completed by March 31, 2003.

Until a detailed plan has been approved for implementation the cost to the Board of the transfer of mental health programs, the transfer of associated assets and liabilities, and the resultant cessation of the Board's operations cannot be determined. No amount has been recorded in these financial statements for any such cost.

Note 2 Significant Accounting Policies and Reporting Practices

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles and the reporting requirements of Financial Directive 19 issued by Alberta Health and Wellness. Following are the significant accounting policies:

(a) Revenue Recognition

These financial statements have been prepared using the deferral method, the key elements of which are:

(i) Unrestricted operating grants and other contributions are recognized as revenue in the year becoming receivable.

(ii) Externally restricted capital contributions are recorded as deferred capital contributions until the amount is invested in property, plant and equipment. Amounts invested in property, plant and equipment are transferred to unamortized external capital contributions. Unamortized external capital contributions are recognized as revenue, on a proportionate basis, in the periods in which the related amortization expense of the funded property, plant and equipment is recorded.

(iii) Externally restricted non-capital contributions are recorded as deferred contributions and recognized as revenue in the year when the related expenses are incurred. When deferred contributions are invested in property, plant and equipment the related amounts are transferred to deferred capital contributions and then to unamortized external capital contributions. This allows the future amortization expense relating to the property, plant and equipment to be appropriately offset by the amortization of unamortized external capital contributions.

(iv) Restricted contributions to purchase property, plant and equipment which will not be amortized are recorded as direct increases to net assets.

(v) Unrestricted investment income is recognized as revenue in the year it is earned.

(vi) Donations and contributions in kind are recorded at fair value when such value can reasonably be determined.

(b) Full Cost

The Board accounts for all costs and revenues related to services carried out for which it is responsible.

The fair value of costs of services is recorded in the financial statements. Fair value transactions as recorded consist of the following:

(i) The fair value for use of non-acute care facilities not owned by the Board and provided to the Board at zero or nominal rent is recorded as other government contributions and as program expenses.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(ii) Other assets, supplies and service contribution that would otherwise have been purchased are recorded as revenue and expenses, at fair value at the date of contribution, when a fair value can be reasonably determined. Volunteers contribute a significant amount of time each year to assist the Board in carrying out its programs and services. However, contributed services of volunteers are not recognized as revenue and expenses in the financial statements because fair value cannot be reasonably determined.

(c) Pension Plans

The Board participates in the Local Authorities Pension Plan, the Public Service Pension Plan and the Management Employees Pension Plan. These are multi-employer defined benefit pension plans that provide pensions for the Board's participating employees, based on years of service and earnings.

Defined contribution plan accounting is applied to a multi-employer defined benefit plan for which the Board has insufficient information to apply defined benefit plan accounting.

Pension costs included in these financial statements comprise the amount of employer contributions required for its employees during the year, based on rates which are expected to provide for benefits payable under the pension plans. The Board's portion of the pension plans' deficit or surplus is not recorded by the Board.

(d) Cash and Temporary Investments

Cash and temporary investments comprise cash and investments with maturity dates less than one year from date of purchase.

Temporary investments are recorded at lower of cost and quoted market value.

(e) Investments

Non-current investments are recorded at cost. The cost of disposal is determined on the average cost basis and gains or losses realised on disposal are recognized in the period of disposal.

Where there has been a loss in the value of an investment, other than a temporary decline, the investment is written down to its net realizable value. The full-value of the write-down is recognized in the statement of operations in the period when the write-down occurs.

(f) Inventories

Inventories are held for consumption and are valued at the lower of cost and replacement cost.

(g) Property, Plant and Equipment

Property, plant and equipment and construction in progress are recorded at cost. Non-direct patient care property, plant and equipment costing greater than $2,000 are capitalized, while direct patient care property, plant and equipment costing greater than

$500 are capitalized. Property, plant and equipment are amortized over their estimated useful lives on a straight-line basis as follows:

	Useful Life
Facilities and improvements	10 to 40 years
Furniture and equipment	5 to 15 years

Construction in progress is not amortized until the project is complete and the asset is available for use.

(h) Measurement Uncertainty

The financial statements by their nature, contain estimates and are subject to measurement uncertainty. For example, amounts recorded for amortization of property, plant and equipment and amortization of external capital contributions are based on estimates of the useful life of the related property, plant and equipment. The effect on the financial statements of changes in such estimates in future periods could be material.

(i) Financial Instruments

The carrying value of accounts receivable, accounts payable and accrued liabilities approximates their fair value because of the short-term maturity of these items.

The carrying value of capital contributions receivable approximates its fair value because the Board expects to collect these amounts in the next fiscal year.

Note 3 Cash and Temporary Investments and Non-Current Investments

(a) Cash and Temporary Investments

	2002	2001
	(thousands of dollars)	
Cash	$ 20,353	$ 17,113
Temporary investments	22,243	27,868
	$ 42,596	$ 44,981

(b) Non-Current Investments

Bonds	$ 11,665	$ 10,688

As at March 31, 2002, the quoted market value of the bonds was $11,641,946 (2001 - $ 11,423,227).

Note 3 Cash and Temporary Investments and Non-Current Investments (continued)

(i) Income and financial returns are exposed to credit and price risks. Credit risk relates to the possibility that a loss may occur from failure by another party to perform according to the terms of the contract. Price risk comprises interest rate risk and market risk. Interest rate risk relates to the possibility that investments will change in value with future fluctuations in market interest rates. Market risk relates to the possibility that investments will change in value due to future fluctuations in market price.

To earn optimal financial returns while maintaining the investment capital, management has established a policy of investing in fixed-income instruments.

(ii) Fixed income securities have an average effective yield of 2.49% per annum for temporary investment securities maturing within a year and 6.21% for bonds maturing in fiscal 2004 and subsequent years. As at March 31, 2002, the securities have the following term structure based on par value:

	Average Yield %	%	2002 (thousands of dollars)
Under 1 year	2.49	66	$ 22,243
1 to 5 years	5.90	22	7,600
5 to 10 years	6.78	12	4,065
		100	$ 33,908

Non-current investments represent the following:

	2002	2001
	(thousands of dollars)	
Externally restricted for capital purposes (Note 7)	$ 8,363	$ 3,658
Internally restricted for capital purposes (Note 11)	2,897	1,733
Unrestricted funds invested in non-current investments	405	5,297
	$ 11,665	$ 10,688

Note 4 Contributions and Capital Contributions Receivable

	2002	2001
	(thousands of dollars)	
Non-capital		
Alberta Health and Wellness	$ 1,029	$ 465
Alberta Infrastructure - capital maintenance	200	-
	$ 1,229	$ 465
Capital		
Alberta Infrastructure - AHP Redevelopment	$ 38,530	$ 42,800
Federal government	1,875	1,022
	$ 40,405	$ 43,822

Note 5 Property, Plant and Equipment

	2002			2001
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
	(thousands of dollars)			
Land	$ 2,831	$ -	$ 2,831	$ 2,831
Facilities and improvements	89,219	51,368	37,851	39,720
Furniture and equipment	29,078	20,169	8,909	10,424
Construction in progress	48,272	-	48,272	10,864
	$ 169,400	$ 71,537	$ 97,863	$ 63,839

In 2002, $47,385,000 (2001 - $10,455,000) of the construction in progress relates to the AHP Redevelopment Phase III Project in Ponoka.

Property, plant and equipment have been funded from the following sources:

	2002	2001
	(thousands of dollars)	
Externally funded		
Land *(net assets invested in land)*	$ 2,831	$ 2,831
Other *(unamortized external capital contributions)*	88,345	53,533
Internally funded *(net assets invested in other property, plant and equipment)*	6,687	7,475
	$97,863	$63,839

Note 6 Deferred Contributions

The deferred contributions balance represents amounts accounted for in accordance with the accounting policy described in Note 2a (iii).

	2002	2001
	(thousands of dollars)	
Amounts received (returned):		
Alberta Health and Wellness contributions	$ 1,432	$ 454
Other government contributions received	8,706	5,752
Other government contributions returned	(45)	-
Other contributions received	245	193
	10,338	6,399
Less transferred from (to) deferred capital contributions (Note 7)		
Alberta Health and Wellness	(17)	(17)
Other government contributions		
Alberta Infrastructure - capital maintenance	(278)	(2,469)
Alberta Infrastructure - demolition costs, AHP redevelopment	765	-
Alberta Heritage Foundation	(4)	-
	466	(2,486)
	10,804	3,913
Amounts recognized as revenue:		
Alberta Health and Wellness contributions (Note 13)	2,252	35
Other government contributions (Note 14)	6,573	5,060
Other contributions	274	141
	9,099	5,236
Change during the year	1,705	(1,323)
Balance, beginning of year	3,558	4,881
	$ 5,263	$ 3,558

Unspent amounts at the end of the year are restricted for the following purposes:

	2002	2001
	(thousands of dollars)	
Alberta Health and Wellness contributions		
Calgary Diversion project	$ 624	$ 391
Early Childhood Development project	431	-
we net - Telemental Health	92	32
Eating Disorders	58	58
ICD-10-CA CCI project	16	-
Community services	-	1,577
Other government contributions		
Alberta Infrastructure - capital maintenance	3,445	692
Student Health Initiative	396	563
Health and Welfare Canada	50	53
Alberta Learning - School of Nursing operations	34	46
Other contributions		
Research study	85	87
Legacy funding	22	22
Growing Healthy Communities	-	32
Miscellaneous	10	5
	$ 5,263	$ 3,558

Note 7 Deferred Capital Contributions

The deferred capital contributions balance represents amounts accounted for in accordance with the accounting policy described in Note 2a (ii).

	2002	2001
	(thousands of dollars)	
Amounts received (returned):		
Restricted Alberta Health and Wellness contributions	$ -	$ 474
Restricted other government contributions - new construction	39,573	56,322
Restricted other government contributions - new equipment	366	-
Donations restricted for capital purposes	-	9
Returned to funding source - betterment of property, plant and equipment	(154)	(61)
Returned to funding source - new equipment	(321)	-
	39,464	56,744
Transferred from:		
Deferred contributions (Note 6) - new equipment	299	2,486
	39,763	59,230
Transferred to:		
Deferred contributions (Note 6)	(765)	-
Unamortized external capital contributions (Note 8)	(37,898)	(12,896)
Change during the year	1,100	46,334
Balance, beginning of year	46,887	553
Balance, end of year	$47,987	$46,887

Balance, end of the year is restricted for the following purposes:

	2002	2001
New equipment	$ 1,096	$ 431
Betterment of plant, property and equipment	238	392
New construction	46,653	46,064
	$47,987	$46,887
Included in:		
Non-current investments (Note 3)	$ 8,363	$ 3,658
Capital contributions receivable	39,624	43,229
	$47,987	$46,887

Note 8 Unamortized External Capital Contributions

Unamortized external capital contributions reflect transactions accounted for in accordance with the accounting policy described in Note 2a (ii). The balance at the end of year represents the external capital contributions that will be recognized as revenue in future years.

	2002	2001
	(thousands of dollars)	
Balance at beginning of year	$ 53,533	$ 43,757
Add amounts transferred from deferred capital contributions (Note 7)	37,898	12,896
Less amounts recognized as revenue	(3,086)	(3,120)
	$ 88,345	$ 53,533

Note 9 Commitments and Contingencies

(a) Contracted services and operating leases

The Board has minimum contract commitments for dietary, housekeeping and security services, and operating leases for photocopier, fax machines and vehicles as follows:

	Contracts	Leases	Total
		(thousands of dollars)	
For the year ended March 31			
2003	$ 4,918	$ 1,331	$ 6,249
2004	3,927	1,076	5,003
2005	1,440	705	2,145
2006	18	627	645
2007	3	292	295
2008 and thereafter	3	-	3
	$ 10,309	$ 4,031	$ 14,340

(b) Capital Upgrade Project

The Board has committed to a capital upgrade project at the Alberta Hospital Ponoka site in the amount of $101,000,000. Total costs to date are $48,427,000 and funding received to date totals $95,080,000.

(c) Utilities

In order to manage its exposure to the volatility in the electrical industry, the Board has entered into a five year contract to fix its electrical cost at an average of $8.42 per MWh. Based on 2002 consumption, the annual costs for the year ending March 31, 2003 are expected to be $1,384,000.

Note 9 Commitments and Contingencies (continued)

(d) Contingencies

Action has been brought against the Board for payment of $12,851,706, which the plaintiff believes is owed by the Board for providing additional services allegedly agreed to by the Board during the construction of the sewage treatment plant at Alberta Hospital Ponoka. Management believes it has a valid defence against these claims. It is not possible at this time to determine the amount, if any, for which the Board may eventually be liable. If any payment is required, it will be accounted for in the period in which settlement is reached.

Note 10 Unrestricted and Internally Restricted Net Assets

	2002
	(thousands of dollars)
Unrestricted and internally restricted net assets at regionalization - April 1, 1995	$ 15,907
Changes since regionalization:	
Cumulative operating surplus	9,297
Investment in property, plant and equipment (net of amortization)	(4,121)
Balance	$ 21,083
Unrestricted	$ 2,725
Internally restricted	18,358
	$ 21,083

Note 11 Internally Restricted Net Assets

The Board has internally restricted the following amounts for:

	2002	2001
	(thousands of dollars)	
Capital:		
AHP capital redevelopment project	$ 1,200	$ -
Capital projects	964	1,000
Future equipment replacement	733	733
	2,897	1,733
Non-capital:		
Indigent Patients' Comfort Allowance	2,000	-
Telemental Health	1,500	-
Staff Development *	3,000	-
AMHB Foundation *	3,000	-
Information Systems Enhancement *	2,500	-
Research and Evaluation *	1,500	-
Aboriginal Services *	1,000	-
Homefront Project	420	-
Alberta Hospital Edmonton Research Fund	320	338
Young Offenders Demo Project	146	171
Operational Commissioning Tasks AHP	75	-
Langin Place Project	-	100
Children's Mental Health Initiative	-	4,000
Calgary Regional Health Authority	-	867
Vocational Rehabilitational allowances	-	266
	15,461	5,742
	$ 18,358	$ 7,475

* Subsequent to March 31, 2002, the Board resolved that these five amounts be transferred back to unrestricted net assets (see Note 23).

Note 12 Budget

The budget was approved by the Alberta Mental Health Board on November 30, 2001 and approved by the Minister of Health and Wellness on December 18, 2001.

Note 13 Alberta Health and Wellness Contributions

	2002		2001
	Budget	Actual	Actual
	(thousands of dollars)		
Unrestricted contributions	$ 219,382	$ 218,566	$ 203,543
Transfers from deferred contributions (Note 6)	-	2,252	35
	$ 219,382	$ 220,818	$ 203,578

Included in unrestricted contributions is an amount of $2 million representing payments made directly by Alberta Health and Wellness to Children and Family Service Authorities for children's mental health services.

Note 14 Other Government Contributions

	2002		2001
	Budget	Actual	Actual
	(thousands of dollars)		
Accommodation costs for Board facilities borne by Alberta Infrastructure			
Mental health clinics and administration offices	$2,941	$ 3,040	$2,939
Claresholm and Raymond Care Centres	1,754	1,952	1,754
	4,695	4,992	4,693
Alberta Infrastructure - capital maintenance and demolition costs	-	1,249	430
Student Health Initiative	-	3,578	2,837
Contracted service surplus funds	271	168	1,139
Service recoveries	366	1,350	421
Sundry	-	228	233
	637	6,573	5,060
	$5,332	$11,565	$9,753

Note 15 Ancillary Operations

	2002					2001
	Non-Patient Food Services Operations	Rental and Laundry Operations	Parking and Other Operations	Total	Budget	Total
	(thousands of dollars)					
Revenues	$ 909	$ 759	$ 85	$1,753	$1,966	$ 1,733
Expenses						
Direct expenses	1,180	642	77	1,899	1,997	1,820
Amortization	8	9	-	17	-	16
	1,188	651	77	1,916	1,997	1,836
Excess (deficiency) of revenues over expenses 2002	$ (279)	$ 108	$ 8	$ (163)	$ (31)	
Excess (deficiency) of revenues over expenses 2001	$ (171)	$ 84	$ (16)			$ (103)

Note 16 Investment and Other Income

	2002		2001
	Budget	Actual	Actual
	(thousands of dollars)		
Unrestricted investment income	$ 3,133	$ 2,330	$ 3,279
Other income	1,803	2,837	2,197
	$ 4,936	$ 5,167	$ 5,476

Other income comprises primarily revenues from vocational rehabilitation programs and cost recovery from all mental health programs.

Note 17 Administration

	2002		2001
	Budget	Actual	Actual
	(thousands of dollars)		
General Administration	$ 9,327	$ 8,807	$ 7,330
Finance	2,788	2,711	2,689
Personnel	2,736	3,086	2,635
	$ 14,851	$ 14,604	$ 12,654

Note 18 Information Technology and alberta we/net

	2002		2001
	Budget	Actual	Actual
	(thousands of dollars)		
Information technology	$ 5,120	$ 5,297	$ 5,185
alberta we/net	342	159	720
	$ 5,462	$ 5,456	$ 5,905

Beginning in 2002, Alberta Health and Wellness funded alberta we/net directly.

In fiscal 2002, the Board expensed $159,000 of costs related to alberta we/net. These expenses represent amounts that were recorded as construction in progress in prior years which were funded $85,000 by the Board and $74,000 by Alberta Health and Wellness. During the year, the Board received new information relating to the telemental health initiative under alberta we/net. Based on this information the Board believes there is no future benefit to the Board relating to these expenditures and therefore they have been fully amortized.

alberta we/net is the province-wide, strategic initiative to build a health information network. The initiative brings together a broad spectrum of health professionals into multi-disciplinary teams to put information technology to work to improve health service delivery to all Albertans.

Note 19 Support Services

	2002		2001
	Budget	Actual	Actual
	(thousands of dollars)		
Building maintenance, operations and security	$ 12,451	$ 12,665	$ 12,403
Patient food services	6,476	6,554	6,516
Housekeeping	3,491	3,555	3,466
Laundry and linen	1,145	1,300	1,225
Materials management	1,359	1,336	1,244
Patient transportation	1,128	1,202	1,178
Patient services	630	684	690
Patient health records	910	1,024	954
Education	1,113	966	990
Communications	631	691	681
Volunteer services	166	171	161
Bio-medical	83	62	80
	$ 29,583	$ 30,210	$ 29,588

Note 20 Change in Non-Cash Working Capital Accounts

	2002	2001
	(thousands of dollars)	
Accounts receivable	$ 682	$ (1,242)
Contributions receivable	(764)	593
Inventories	(59)	4
Prepaid expenses	(3,405)	858
Accounts payable and accrued liabilities	2,414	5,732
Accrued vacation liability	151	1,251
Deferred contributions	1,705	(1,323)
	$ 724	$ 5,873

Note 21 Related Parties

(a) Province of Alberta

The Board is established under the Regional Health Authorities Act. Transactions between the Board and the Province of Alberta are disclosed in the Statement of Operations and in Notes 4, 6, 7, 9, 13 and 14.

(b) Alberta Hospital Edmonton Foundation

The Alberta Hospital Edmonton Foundation (the "Foundation") is not consolidated in the Board's financial statements as the Board cannot exercise control over the Foundation. The Board has the right to appoint a member to the Foundation's Board, which consists of 6 voting members.

During the year, the Board received $4,125 (2001 - $9,000) of contributions from the Foundation in the form of educational grants. The resources held by the Foundation comprise $2,136 of unrestricted funds, $234,535 of internally restricted funds and $21,700 of endowments to support mental health programs.

During the year the Board contributed $55,064 to support the operations of the Foundation.

(c) Contract Service Operators

The Board contracts with contract service operators to provide mental health services in the Province. The contract service operators and the amount of the contracted health services for the year are as follows:

	2002		2001
	Budget	Actual	Actual
	(thousands of dollars)		
Contract Service Operators:			
Calgary Regional Health Authority	$ 13,509	$13,538	$11,361
Capital Health Authority	5,020	5,020	2,405
Northwestern Regional Health Authority	565	565	480
Aspen Regional Health Authority	508	508	421
Other Regional Health Authorities	715	688	921
Other contract service operators	19,157	25,418	22,035
	$39,474	$45,737	$37,623
Reported in the following expense categories:			
Facility-based inpatient services	$ 7,547	$ 7,084	$ 7,242
Facility-based emergency and outpatient services	322	322	322
Community and home based services	31,605	38,331	30,059
	$39,474	$45,737	$37,623

The first quarter 2002/2003 payments to contract service operators were paid out prior to March 31, 2002. Total payments amounted to $3,521,000 (2001 - $4,000) and are included in prepaid expenses.

Note 22 Pension Costs

The Board participates in the Local Authorities Pension Plan, Public Service Pension Plan and Management Employee Pension Plan, which are multi-employer defined benefit plans. The pension expense recorded in these financial statements is equivalent to the Board's annual contributions payable of $10,976,415 for the year ended March 31, 2002 (2001 - $10,335,165).

At December 31, 2001, the Local Authorities Pension Plan reported a surplus of $634,960,000 (2000 - $883,823,000). The Board has 99.00% of its employees participating in the Local Authorities Pension Plan.

At December 31, 2001, the Public Service Pension Plan reported a surplus of $320,487,000 (2000 - $635,084,000). The Board has 0.08% of its employees participating in the Public Service Pension Plan.

At December 31, 2001, the Management Employee Pension Plan reported a surplus of $5,338,000 (2000 - $170,858,000). The Board has 0.02% of its employees participating in the Management Employee Pension Plan.

Note 23 Subsequent Events

Subsequent to March 31, 2002, the Board resolved that five amounts as detailed in Note 11 Internally Restricted Net Assets (non-capital) be transferred back to unrestricted net assets.

Note 24 Comparative Figures

Certain comparative figures have been reclassified to conform to the 2002 presentation.

Note 25 Approval of Financial Statements

These financial statements have been approved by the Board.

Schedule 1

ALBERTA MENTAL HEALTH BOARD
SCHEDULE OF EXPENSES BY OBJECT
FOR THE YEAR ENDED MARCH 31, 2002
(thousands of dollars)

	2002		2001
	Budget	**Actual**	**Actual**
Salaries, honoraria, benefits, allowances and severance (Schedule 2)	$ 143,282	$ 151,463	$ 132,393
Contracts with health service operators	39,474	45,737	37,623
Drugs, gases, medical and surgical supplies	3,519	3,883	3,515
Consulting services	13,339	15,179	12,394
Facility rent	5,761	6,068	5,443
Food supplies	3,126	3,381	3,307
Travel	2,883	3,598	3,230
Utilities	4,804	3,381	4,041
Supplies	2,229	2,841	2,848
Other expenses	17,074	11,868	12,254
Amortization:			
Capital equipment - internally funded	1,976	2,132	1,620
Capital equipment - externally funded	1,491	1,181	1,313
Facilities and improvements - externally funded	1,679	1,905	1,807
	240,637	252,617	221,788
Less amounts reported in ancillary operations	(1,997)	(1,916)	(1,836)
	$ 238,640	$ 250,701	$ 219,952

ALBERTA MENTAL HEALTH BOARD
SCHEDULE OF SALARIES, HONORARIA, BENEFITS, ALLOWANCES AND SEVERANCE
FOR THE YEAR ENDED MARCH 31, 2002

Schedule 2

(thousands of dollars)

	2002							2001			
					Severance						
	Number of Individuals	Salaries and Honoraria (includes accrued vacation)	Benefits and Allowances	Sub-total	Number of Individuals	Amount	Total	Number of Individuals	Salaries Benefits Honoraria	Severance	Total
Board Members											
Board Chairperson											
Schoenhofer, Betty	1	$ 29	$ -	$ 29		$ -	$ 29	1	$ 36	$ -	$ 36
Board Members											
Bunce, Neil	1	5		5			5	1	4		4
Heinemann, Kathlene	1	4		4			4	1	5		5
Laird, Gloria	1	-		-			-	1	1		1
Mikkelsen, Dave	1	5		5			5	1	5		5
Peterson, Richard	1	8		8			8	1	9		9
Read, John	1	8		8			8	1	6		6
Smith, Terrence	[illegible]	[illegible]		[illegible]			[illegible]	[illegible]	[illegible]		[illegible]
Steinhauer, Sharon	1	5		5			5	1	4		4
Williams, Thomas	1	-		-			-	1	-		-
Total honoraria	[illegible]	71	-	71			71	9	78		78
Staff											
Chief Executive Officer	1.00	249	14	263			263	1.00	252		252
Management persons reporting to the CEO											
Executive Director, Administrative Services	1.00	145	14	159			159	0.92	149		149
Executive Director, Provincial Services	1.00	145	15	160			160	0.17	24		24
Chief of Staff and Director, Provincial Programs	1.00	[illegible]	14	161			161	0.79	133		133
Executive Director, Community Mental Health Services	1.00	145	8	153			153	1.00	125		125
Other management persons reporting to those above (avg. 2002 $99, avg. 2001 $90, excl. severances)	27.54	2,272	447	2,719			2,719	25.63	2,316	121	2,437
Other management (avg. 2002 $68, avg. 2001 $71, excl. severances)	160.46	9,315	1,564	10,879			10,879	129.98	9,202		9,202
Regulated nurses not included above (avg. 2002 $72, avg. 2001 $62, excl. severances)	696.68	43,526	6,475	50,001			50,001	683.56	42,162		42,162
Other health technicians and professionals (avg. 2002 $61, avg. 2001 $57, excl. severances)	501.41	26,432	4,075	30,507	1.00	46	30,553	459.88	26,284	2	26,286
Unregulated health service providers (avg. 2002 $40, avg. 2001 $40, excl. severances)	527.03	18,127	2,879	21,006			21,006	464.31	18,534		18,534
Other staff (avg. 2002 $44, avg. 2001 $44, excl. severances)	795.61	29,865	5,182	35,047	5.73	148	35,195	720.96	32,577	434	33,011
Total staff	[illegible]	130,611	20,587	151,198	6.73	194	151,392	[illegible]	131,758	557	132,315
Total		$ 130,682	$ 20,587	$ 151,269		$ 194	$ 151,463		$ 131,836	$ 557	$132,393

See accompanying information on the following page

Schedule 2 (continued)

SCHEDULE OF SALARIES, BENEFITS, ALLOWANCES AND SEVERANCE
FOR THE YEAR ENDED MARCH 31, 2002

1. Number of Individuals consist of full-time equivalents except for Board members. Full time equivalent ("FTE") has been determined as follows:

	Employees of The Board
	(hours per year)
Chief Executive Officer	2,023
Management persons reporting to the CEO	2,023
Other Management person(s) reporting to those above	2,023
Other Management	2,023
Regulated nurses not included above	2,023
Other health technicians and professionals*	1,892 - 2,023
Unregulated health service providers*	1,892 - 2,023
Other staff*	1,892 - 2,088

* The range for Alberta Health and Wellness Seconded Employees transferred to the Board as of May 1, 1999 consists of 1,892 to 2,023 and 1,892 to 2,088 hours per year depending on the position held and location within the categories represented above.

Total actual discrete number of individuals employed in 2002 – 3,583 (2001 - 3,323).

2. Salaries include regular base pay, overtime, lump sum payments, honoraria and any other direct cash remuneration including sick leave, short-term disability and vacation. Individuals under contract by the Board are not reflected in this schedule.

3. Benefits and allowances include the employer's share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, out of country medical benefits, group life insurance, accidental death and dismemberment, long-term disability plans, Canada Pension Plan, unemployment insurance, workers compensation, car benefits and allowances and tuition.

4. Severance includes:

   All monies paid directly or on behalf of an employee upon termination which are not included in salaries and benefits and continued payment of the Board's share of benefits identified in 2 above, that will continue to be paid and outplacement training and counseling office space and administrative support.

5. The total amount of salaries is reported in Schedule 1, Expenses by Object, which includes 2002 – $468,497 (2001 - $402,596) in salaries reported in Note 15, Ancillary Operations.

Schedule 3

ALBERTA MENTAL HEALTH BOARD
THREE YEAR SUMMARY OF REVENUE AND EXPENSES
FOR THE YEAR ENDED MARCH 31, 2002
(thousands of dollars)

	Actual		
	2002	2001	2000
Revenues			
Alberta Health and Wellness contributions	$ 220,818	$ 203,578	$ 173,855
Other government contributions	11,565	9,753	5,932
Fees and charges	2,739	2,948	3,270
Ancillary operations, net	(163)	(103)	(539)
Donations	52	29	49
Investment and other income	5,167	5,476	3,724
Amortization of external capital contributions	3,086	3,120	3,396
TOTAL REVENUES	243,264	224,801	189,687
Expenses			
Facility-based inpatient services	57,964	53,127	46,974
Facility-based emergency and outpatient services	9,215	7,537	7,005
Facility-based continuing care services	17,266	15,600	14,323
Community and home-based services	91,264	72,781	54,062
Diagnostic and therapeutic services	18,781	17,359	16,403
Promotion, prevention and protection services	2,990	2,919	3,131
Research and education	1,046	675	305
Administration	14,604	12,654	10,486
Information technology and alberta we net	5,456	5,905	4,772
Year 2000 remedial costs	-	-	445
Support services	30,210	29,588	26,916
Amortization of facilities and improvements	1,905	1,807	2,403
TOTAL EXPENSES	250,701	219,952	187,225
Excess (deficiency) of revenues over expenses	$ (7,437)	$ 4,849	$ 2,462

Board

Alberta Cancer Board

Financial Statements
March 31, 2002

ALBERTA CANCER BOARD

FINANCIAL STATEMENTS

MARCH 31, 2002

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AUDITOR
GENERAL
Alberta

AUDITOR'S REPORT

To the Members of the Alberta Cancer Board
and the Minister of Health and Wellness

I have audited the statement of financial position of the Alberta Cancer Board ("the Board") as at March 31, 2002 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Board's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at March 31, 2002 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Fred J. Dunn CA
Auditor General

Edmonton, Alberta
May 24, 2002

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying financial statements are the responsibility of management and have been approved by the Board. The financial statements were prepared in accordance with Canadian generally accepted accounting principles and the financial directives issued by Alberta Health and Wellness, and of necessity include some amounts that are based on estimates and judgments.

To discharge its responsibility for the integrity and objectivity of financial reporting, management maintains a system of internal accounting controls comprising written policies, standards and procedures, a formal authorization structure, and satisfactory processes for reviewing internal controls. This system is designed to provide management with reasonable assurance that transactions are in accordance with governing legislation, are properly authorized, reliable financial records are maintained, and assets are adequately accounted for and safeguarded. The Board has established a code of ethics and corporate directives, which require communication of the code to employees.

The Board members carry out their responsibility for the financial statements through the Finance Committee. This Committee meets with management and the external auditor, the Auditor General of Alberta, to discuss and review financial matters, and recommends the financial statements to the Alberta Cancer Board for approval. The external auditor has full and free access to the Finance Committee.

The external auditor, the Auditor General of Alberta, provides an independent audit of the financial statements. His examination is conducted in accordance with Canadian generally accepted auditing standards and includes tests and other procedures, which allow him to report on the fairness of the financial statements prepared by management.

A.L.A. Fields, MD, Acting CEO
Dr. Jean-Michel Turc
President and Chief Executive Officer

R B Boyd
Rick Boyd
Vice President, Finance & Administration

Simon Brown, C.A.
Director of Finance

ALBERTA CANCER BOARD
STATEMENT OF FINANCIAL POSITION
MARCH 31, 2002
(thousands of dollars)

	2002 Budget	2002 Actual	2001 Actual
ASSETS			
Current:			
Cash and temporary investments (note 3)	$ 10,000	$ 13,395	$ 10,656
Accounts receivable	5,075	5,138	4,656
Contributions receivable	6,000	3,261	10,526
Inventories	3,861	4,334	3,542
Prepaid expenses	710	776	652
	25,646	26,904	30,032
Non-current cash and investments (note 4)	31,000	31,597	31,133
Capital assets (note 5)	138,890	133,689	126,547
TOTAL ASSETS	$ 195,536	$ 192,190	$ 187,712
LIABILITIES AND NET ASSETS			
Current:			
Accounts payable	$ 18,115	$ 19,719	$ 17,558
Accrued vacation pay	4,260	3,900	3,908
Deferred contributions (note 6)	13,011	15,621	11,937
	35,386	39,240	33,403
Deferred capital contributions (note 7)	13,229	11,067	11,583
Unamortized external capital contributions (note 8)	125,018	118,813	113,523
	173,633	169,120	158,509
Net assets:			
Unrestricted (note 9)	2,376	2,975	9,676
Internally restricted (note 9)	5,656	5,219	6,503
Investment in capital assets	13,871	14,876	13,024
	21,903	23,070	29,203
TOTAL LIABILITIES AND NET ASSETS	$ 195,536	$ 192,190	$ 187,712

The accompanying notes and schedules are part of these financial statements.

ALBERTA CANCER BOARD
STATEMENT OF OPERATIONS
YEAR ENDED MARCH 31, 2002
(thousands of dollars)

	2002 Budget (note 11)	2002 Actual	2001 Actual
Revenues:			
Alberta Health and Wellness contributions (note 12)	$ 132,948	$ 133,481	$ 117,592
Other government contributions (note 13)	640	977	3,669
Fees and charges	2,119	2,470	1,737
Ancillary operations, net (note 14)	172	201	150
Donations	1,710	2,831	1,687
Investment and other income (note 15)	17,477	17,986	21,232
Amortization of external capital contributions (note 8)	8,852	9,797	10,104
TOTAL REVENUE	163,918	167,743	156,171
Expenses (Schedule 1):			
Facility based inpatient acute care services	11,410	11,318	10,129
Facility based outpatient services	44,758	44,642	34,802
Community services	16,049	16,189	13,598
Diagnostic and therapeutic services	42,212	44,116	37,426
Promotion, prevention and protection services	7,310	7,266	5,668
Research and education	19,290	19,070	19,110
Administration (note 16)	5,026	5,443	4,696
Information technology and we//net (note 17)	3,638	4,204	3,730
Support services (note 18)	17,770	17,830	16,105
Amortization of facilities and improvements, cancer operations	3,755	3,935	4,906
TOTAL EXPENSES	171,218	174,013	150,170
Excess (deficiency) of revenues over expenses	$ (7,300)	$ (6,270)	$ 6,001

ALBERTA CANCER BOARD
STATEMENT OF CHANGES IN NET ASSETS
YEAR ENDED MARCH 31, 2002

(thousands of dollars)

	2002				2001
	Unrestricted (Note 9)	Internally restricted (Note 9)	Investment in capital assets	Total	Total
Excess (deficiency) of revenues over expenses	$ (6,270)	$ -	$ -	$ (6,270)	$ 6,001
Capital assets purchased with internal funds	(595)	(3,725)	4,320	-	-
Amortization of internally funded capital equipment	2,443	-	(2,443)	-	-
Net book value of internally funded capital equipment disposals	162	-	(162)	-	-
Contribution of art collection from Alberta Cancer Foundation	-	-	137	137	-
Net change	(4,260)	(3,725)	1,852	(6,133)	6,001
Transfer to internally restricted for capital asset and research expenditures	(2,441)	2,441	-	-	-
Balance, beginning of year	9,676	6,503	13,024	29,203	23,202
Balance, end of year	$ 2,975	$ 5,219	$ 14,876	$ 23,070	$ 29,203

The accompanying notes and schedules are part of these financial statements.

ALBERTA CANCER BOARD
STATEMENT OF CASH FLOWS
YEAR ENDED MARCH 31, 2002

(thousands of dollars)

	2002		2001
Cash generated from (used by):	Budget	Actual	Actual
Operating activities:			
Excess (deficiency) of revenues over expenses	$ (7,300)	$ (6,270)	$ 6,001
Non-cash transactions:			
Amortization of capital equipment:			
- internally funded	1,900	2,443	1,891
- externally funded	5,069	5,827	5,169
Amortization of facilities and improvements	3,972	4,159	5,130
Amortization of external capital contributions (note 8)	(9,041)	(9,986)	(10,299)
Loss on disposal of internally funded capital equipment	-	162	66
Write down of investments	-	1,997	-
	(5,400)	(1,668)	7,958
Change in non-cash working capital accounts	5,712	11,704	(5,140)
Cash generated from operations	312	10,036	2,818
Investing activities:			
Purchase of investments	240	(52,659)	(59,546)
Proceeds on sale of investments	-	50,198	53,354
Purchase of capital assets:			
Internally funded	(2,747)	(4,320)	(5,394)
Externally funded (note 8)			
- equipment	(13,475)	(8,933)	(12,007)
- facilities and improvements	(6,872)	(6,343)	(1,711)
Contributed artwork collection put into service	-	(137)	-
Cash used by investing activities	(22,854)	(22,194)	(25,304)
Financing activities:			
Capital contributions received, net	21,513	14,760	14,888
Contribution of artwork collection	-	137	-
Cash generated from financing activities	21,513	14,897	14,888
Increase (decrease) in cash	(1,029)	2,739	(7,598)
Cash and temporary investments, beginning of year	11,029	10,656	18,254
Cash and temporary investments, end of year	$ 10,000	$ 13,395	$ 10,656

The accompanying notes and schedules are part of these financial statements.

ALBERTA CANCER BOARD
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2002
(thousands of dollars)

Note 1 Authority, purpose and operations

The Alberta Cancer Board (the "Board") was initially established in 1967 and now operates under the authority of the Cancer Programs Act Chapter C-2, Revised Statutes of Alberta, 2000.

The Board is exempt from the payment of income tax.

The Board provides cancer services to Albertans through research, diagnosis, treatment, education and prevention programs and it coordinates, in cooperation with others, the planning, development and delivery of provincial cancer services.

The operations of the Board include the following facilities and sites:

Cross Cancer Institute – Edmonton
Tom Baker Cancer Centre – Calgary
Regional Cancer Clinics – Grande Prairie, Red Deer, Lethbridge and Medicine Hat
Community Cancer Centres – Camrose, Hinton, Barrhead, Bonnyville, Drumheller, High River, Peace River, Fort McMurray, Canmore and Lloydminister
Breast screening sites – Edmonton and Calgary – plus three mobile vans
Edmonton Radio-pharmaceutical Centre – Edmonton
Southern Alberta Cancer Research Centre – Calgary

These financial statements do not include assets, liabilities and operations of any voluntary or private facilities providing health services in the Province of Alberta, nor the Alberta Cancer Foundation. Information on these entities is disclosed in note 19.

Note 2 Summary of significant accounting policies and reporting practices

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles and the reporting requirements of Financial Directive 19 issued by Alberta Health and Wellness. The following are the significant accounting policies:

(a) Revenue recognition:

These financial statements have been prepared using the deferral method, the key elements of which are:

ALBERTA CANCER BOARD
NOTES TO FINANCIAL STATEMENTS, CONTINUED
MARCH 31, 2002
(thousands of dollars)

Note 2 Summary of significant accounting policies and reporting practices, continued

(a) Revenue recognition, continued:

(i) Unrestricted operating grants and other contributions are recognized as revenue on becoming receivable.

(ii) Externally restricted non-capital contributions are deferred and recognized as revenue in the year proportional to the related expenses incurred.

(iii) Externally restricted capital contributions are recorded as deferred contributions until the amount is invested in capital assets. Amounts invested representing externally funded capital assets are then transferred to unamortized external capital contributions. Unamortized external capital contributions are recognized as revenue in the periods in which the related amortization expense of the funded capital asset is recorded.

(iv) Restricted contributions for the purchase of capital assets which will not be amortized are recorded as direct increases to net assets.

(v) Unrestricted investment income is recognized in the year it is earned.

(vi) Investment income subject to external restrictions is, depending on the nature of the restrictions, recorded as a direct increase to net assets, or is deferred and recognized as revenue in the year the related expenses are incurred.

(vii) Donations and contributions in kind are recorded at fair value when such value can be reasonably determined.

(b) Full cost:

The Board accounts for all costs and revenues related to services carried out for which it is responsible. The fair value of costs of services is recorded.

Any assets, supplies and service contributions that would otherwise have been purchased are recorded as revenue and expenses, at fair value at the date of contribution, when a fair value can be reasonably determined. Volunteers contribute a significant amount of time each year to assist the Board in carrying out its programs and services. However, contributed services of volunteers are not recognized as revenue and expenses in the financial statements because fair value cannot be reasonably determined.

ALBERTA CANCER BOARD
NOTES TO FINANCIAL STATEMENTS, CONTINUED
MARCH 31, 2002
(thousands of dollars)

Note 2 Summary of significant accounting policies and reporting practices, continued

(c) Employee future benefits:

The Board participates in the Public Service Pension Plan. This plan is a multi-employer defined benefit pension plan that provides pensions for the Board's participating employees, based on years of service and earnings.

Defined contribution plan accounting is applied to a multi-employer defined benefit plan for which the Board has insufficient information to apply defined benefit plan accounting.

Pension costs included in these financial statements comprise the amount of employer contributions required for its employees during the year, based on rates which are expected to provide for benefits payable under the pension plan. The Board's portion of the pension plan deficit or surplus is not recorded by the Board.

The Board fully accrues its obligations for employee non-pension future benefits.

(d) Investments:

Investments are recorded at cost. Cost includes the amount of applicable amortization of discounts or premiums using the straight-line method over the period to maturity. The cost of disposal is determined on the average cost basis. Gains or losses realized on disposal are recognized in the period of disposal.

Where there has been a loss in value of an investment that is other than a temporary decline, the investment is written down to recognize the loss. The written down value is deemed to be the new cost.

(e) Financial instruments:

The carrying values of cash and temporary investments, accounts receivable, contributions receivable, accounts payable and accrued vacation pay approximate their fair values because of the short-term maturities of these items. The fair value of non-current cash and investments is disclosed in note 4.

ALBERTA CANCER BOARD
NOTES TO FINANCIAL STATEMENTS, CONTINUED
MARCH 31, 2002
(thousands of dollars)

Note 2 Summary of significant accounting policies and reporting practices, continued

(f) Inventories:

Inventories are recorded at the lower of cost and net realizable value.

(g) Capital assets:

Capital assets and construction projects in progress are recorded at cost.

The contributed artwork collection is recorded at its fair value at the date of contribution.

Capital assets are amortized over their estimated useful lives on a straight-line basis as follows:

	Useful life
Buildings	40 Years
Buildings service systems	10 – 20 Years
Parkade	30 Years
Equipment	5 – 15 Years
Motor vehicles	5 Years

Construction projects in progress are not amortized until the projects are complete.

Wellnet/Integrated Cancer Care Network consists of equipment and development costs. Equipment is amortized when put into use and development costs will be amortized once the system is fully implemented.

The artwork collection is not amortized.

(h) Trust funds:

The Board administers certain trust funds on behalf of third parties. As related trust assets are not owned by the Board, transactions related to the receipt and disbursement of these funds are not reflected in these financial statements but are disclosed in note 21.

(i) Measurement uncertainty:

The financial statements by their nature, contain estimates and are subject to measurement uncertainty. The amounts recorded for amortization of capital assets and amortization of external capital contributions are based on estimates of the useful life of the related assets. The effect on the financial statements, of changes in such estimates in future years, could be significant.

ALBERTA CANCER BOARD
NOTES TO FINANCIAL STATEMENTS, CONTINUED
MARCH 31, 2002
(thousands of dollars)

Note 3 Cash and temporary investments

	2002	2001
Cash on deposit (cheques issued in excess of cash on hand)	$ (372)	$ 2,426
CCITF – Operations	13,767	8,230
	$ 13,395	$ 10,656

The Consolidated Cash Investment Trust Fund ("CCITF") of the Province of Alberta is a demand account managed by Alberta Treasury with the objective of providing competitive interest income to depositors while maintaining security and liquidity of depositors' capital. Interest is earned on the daily cash balance and the average rate of earnings of the CCITF varies depending on prevailing market interest rates. The rate of return for the year ended March 31, 2002 was 3.96% (March 31, 2001 – 5.53%).

The Board has a line of credit available from its banker in the amount of $1 million at the bank's prime rate. A general security agreement covering securities held by the bank has been pledged as security for the operating line of credit. The line of credit was not accessed during the year.

ALBERTA CANCER BOARD
NOTES TO FINANCIAL STATEMENTS, CONTINUED
MARCH 31, 2002
(thousands of dollars)

Note 4 Non-current cash and investments

	2002		2001	
	Cost	Fair Value	Cost	Fair Value
Investments:				
Money market securities	$ 1,161	$ 1,161	$ 689	$ 689
Fixed income securities:				
Canadian federal and provincial government bonds	9,305	9,120	8,669	8,752
Corporate bonds and debentures	3,719	3,774	3,916	4,005
Canadian equities	9,089	10,285	9,160	9,402
United States and foreign equities	4,247	4,247	6,629	4,809
	27,521	28,587	29,063	27,657
Cash	4,076	4,076	2,070	2,070
	$31,597	$ 32,663	$ 31,133	$ 29,727

(i) To earn optimal financial returns at an acceptable level of risk, the Board has established a policy asset mix of 0 – 10% for cash and cash equivalents, 40 – 70% for fixed income instruments, and 20% – 60% for equities. Risk is reduced through asset class diversification, diversification within each asset class and quality constraints on fixed income and equity instruments.

ALBERTA CANCER BOARD
NOTES TO FINANCIAL STATEMENTS, CONTINUED
MARCH 31, 2002
(thousands of dollars)

Note 4 Non-current cash and investments, continued

(ii) Publicly traded fixed income securities are managed with the objective of providing optimal returns while maintaining maximum security of capital. Return is optimized within risk constraints on the portfolio by management of portfolio duration and issuer mix and limiting investments to instruments with a rating of A or higher by the Dominion Bond Rating Service.

Fixed income securities have an average effective yield of 6.33% per annum for securities maturing between 1 and 32 years. As at March 31, 2002, the securities have the following term structure based on par:

	%
Under 1 year	55
1 to 5 years	22
5 to 10 years	11
Over 10 years	12
	100%

(iii) Equities comprise publicly traded equities. Risk is reduced by prudent security selection, sector rotation and limiting exposure to any one stock to 10% of the total equity market value.

Non-current cash and investments represent the following:

	2002	2001
Externally restricted for capital acquisitions (note 7)	$ 11,067	$ 11,583
Internally restricted net assets (note 9)	5,219	6,503
Other	15,311	13,047
	$ 31,597	$ 31,133

ALBERTA CANCER BOARD
NOTES TO FINANCIAL STATEMENTS, CONTINUED
MARCH 31, 2002
(thousands of dollars)

Note 5 Capital assets

	2002			2001
	Cost	Accumulated amortization	Net book value	Net book value
Land	$ 4,556	$ -	$ 4,556	$ 4,556
Art	137	-	137	-
Buildings	76,523	30,564	45,959	48,385
Buildings service systems	36,825	19,607	17,218	18,684
Parkade	5,507	2,287	3,220	3,408
Equipment	96,736	52,943	43,793	37,998
Motor vehicles	251	175	76	120
Construction in progress	6,550	-	6,550	543
W*ell*net Integrated Cancer Care Network	7,612	926	6,686	5,950
Deposits on equipment	5,494	-	5,494	6,903
	$ 240,191	$ 106,502	$ 133,689	$ 126,547

Capital assets have been funded from the following sources:

	2002	2001
Externally funded (unamortized external capital contributions)	$ 118,813	$ 113,523
Internally funded (net assets invested in capital assets)	14,876	13,024
	$ 133,689	$ 126,547

Cost includes the appraised value at March 31, 1989 of the original Cross Cancer Institute land and building transferred to the Board from the Province of Alberta on that date.

In the same year, the Mewburn Veterans Centre was transferred from Alberta Infrastructure to the Alberta Cancer Board. The appraised value of the building at the time of transfer was $5,620. The Board entered into a long-term lease of the Centre to the Capital Health Authority for a nominal rent and accordingly, the building has been recorded at nominal value.

ALBERTA CANCER BOARD
NOTES TO FINANCIAL STATEMENTS, CONTINUED
MARCH 31, 2002
(thousands of dollars)

Note 5 Capital assets, continued

In July, 1989, the Board and the University of Alberta jointly completed the construction of a parkade on land owned by the University adjoining the Cross Cancer Institute. The Board incurred expenditures of $5,507 on the parkade which amounted to 62.5% of the cost of the parkade. In return, the University granted the Board 62.5% of the use of the parkade rent-free until the year 2009, with two additional five year renewal terms. The Board pays a portion of the parkade's operating costs.

Note 6 Deferred contributions

	2002	2001
Amounts received:		
Alberta Health and Wellness contributions	$ 8,552	$ 4,448
Alberta Science and Research Authority		2,500
Other government contributions	977	3,552
Donations	2,995	2,690
Research agencies and other income	10,801	8,396
	23,325	21,586
Amounts recognized as revenue:		
Alberta Health and Wellness contributions (note 12)	(7,331)	(5,216)
Other government contributions (note 13)	(977)	(3,669)
Donations	(2,620)	(2,040)
Research agencies and other income	(8,713)	(8,513)
	(19,641)	(19,438)
Change during the year	3,684	2,148
Balance, beginning of year	11,937	9,789
Balance, end of year	$ 15,621	$ 11,937

ALBERTA CANCER BOARD
NOTES TO FINANCIAL STATEMENTS, CONTINUED
MARCH 31, 2002
(thousands of dollars)

Note 6 Deferred contributions, continued

Unspent amounts at end of year are restricted for the following purposes:

	2002	2001
Operating grants	$ 4,477	$ 2,184
Research grants	11,144	9,753
	$ 15,621	$ 11,937

ALBERTA CANCER BOARD
NOTES TO FINANCIAL STATEMENTS, CONTINUED
MARCH 31, 2002
(thousands of dollars)

Note 7 Deferred capital contributions

The deferred capital contributions balance represents amounts accounted for in accordance with the accounting policy described in note 2a (iii).

	2002	2001
Amounts received:		
Restricted Alberta Health and Wellness contributions	$ 3,778	$ 5,987
Restricted other government contributions	7,950	1,736
Donations restricted for capital purposes	2,333	4,073
Other capital contributions and interest	1,038	4,233
	15,099	16,029
Transfers:		
Operating revenue - amounts used for minor capital expenditures expensed	(339)	(1,141)
	14,760	14,888
Transfers:		
Unamortized external capital contributions (note 8)	(15,276)	(13,718)
Change during the year	(516)	1,170
Balance, beginning of year	11,583	10,413
Balance, end of year	$ 11,067	$ 11,583

Balance at end of year is restricted for the following purposes:

	2002	2001
Equipment replacement	$ 9,095	$ 7,721
Betterment of capital assets	1,201	2,437
New construction	771	1,425
	$ 11,067	$ 11,583

ALBERTA CANCER BOARD
NOTES TO FINANCIAL STATEMENTS, CONTINUED
MARCH 31, 2002
(thousands of dollars)

Note 8 Unamortized external capital contributions

Unamortized external capital contributions reflect transactions accounted for in accordance with the accounting policy described in Note 2a (iii). The balance at the end of year represents the external capital contributions that will be recognized as revenue in future years.

	2002	2001
Balance, beginning of year	$ 113,523	$ 110,104
Add amounts transferred from deferred capital contributions (note 7)	15,276	13,718
Less amount recognized as revenue:		
General operations	(9,797)	(10,104)
Ancillary operations	(189)	(195)
Balance, end of year	$ 118,813	$ 113,523

ALBERTA CANCER BOARD
NOTES TO FINANCIAL STATEMENTS, CONTINUED
MARCH 31, 2002
(thousands of dollars)

Note 9 Unrestricted and internally restricted net assets

	2002	2001
Unrestricted and internally restricted net assets at regionalization – April 1, 1995	$ 16,196	$ 16,196
Changes since regionalization:		
Cumulative operating surplus	4,625	10,895
Invested in capital assets (net of amortization)	(12,627)	(10,912)
	$ 8,194	$ 16,179

Balance at end of year consists of:

	2002	2001
Unrestricted	$ 2,975	$ 9,676
Internally restricted:		
Future equipment replacement and information technology upgrades	3,172	5,081
Research	2,047	1,422
	5,219	6,503
	$ 8,194	$ 16,179

ALBERTA CANCER BOARD
NOTES TO FINANCIAL STATEMENTS, CONTINUED
MARCH 31, 2002
(thousands of dollars)

Note 10 Commitments and contingencies

(a) Commitments:

Future minimum lease payments under operating leases relating primarily to office and warehouse space are as follows:

2003	$ 370
2004	161
2005	14
	$ 545

(b) Contingencies:

The Board is defendant in various lawsuits as of March 31, 2002. While it is not possible to estimate the ultimate liability with respect to the pending litigation, the Board is satisfied that there will be no material adverse impact on the financial position of the Board as of March 31, 2002.

ALBERTA CANCER BOARD
NOTES TO FINANCIAL STATEMENTS, CONTINUED
MARCH 31, 2002

(thousands of dollars)

Note 11 Budget

	Approved budget(1)	Changes(2)	Reported budget
Revenues:			
Alberta Health and Wellness contributions	$ 130,643	$ 2,305	$ 132,948
Other government contributions	3,721	(3,081)	640
Fees and charges	2,119		2,119
Ancillary operations, net	172		172
Donations	1,710		1,710
Investment and other revenue	14,622	2,855	17,477
Amortization of external capital contributions	8,852		8,852
	161,839	2,079	163,918
Expenses:			
Facility based inpatient acute care services	11,410		11,410
Facility based outpatient services	44,758		44,758
Community services	17,302	(1,252)	16,050
Diagnostic and therapeutic services	40,993	1,219	42,212
Promotion, prevention and protection services	6,044	1,266	7,310
Research and education	19,290		19,290
Administration	4,813	213	5,026
Information technology and we*ll*net	3,490	148	3,638
Support services	17,284	485	17,769
Amortization of facilities and improvements	3,755		3,755
	169,139	2,079	171,218
Excess of revenues over expenses	$ (7,300)	$	$ (7,300)

ALBERTA CANCER BOARD
NOTES TO FINANCIAL STATEMENTS, CONTINUED
MARCH 31, 2002

(thousands of dollars)

Note 11 Budget, continued

(1) The budget was approved by the Board on May 10, 2001, and approved by the Minister of Health and Wellness.

(2) The budget was adjusted by $2,305 to reclassify the Research Initiatives Program from Other Government Contributions to Alberta Health and Wellness. In addition, $776 was reclassified from Other Government Contributions to Other Income for the energy rebate. Finally, Other Revenue was adjusted by $2,079 to reclassify the recoveries for the Bone Marrow Transplant and other outpatient programs originally included as a reduction of expenses.

Note 12 Alberta Health and Wellness contributions

	Budget	2002	2001
Unrestricted contributions	$ 126,150	$ 126,150	$ 112,376
Transfers from deferred contributions (note 6)	6,798	7,331	5,216
	$ 132,948	$ 133,481	$ 117,592

Note 13 Other government contributions

	Budget	2002	2001
Alberta Treasury	$ 10	$ 10	$ 11
Government of Canada	630	967	658
Alberta Gaming and Liquor Commission – one time funding for drugs	–	–	3,000
	$ 640	$ 977	$ 3,669

ALBERTA CANCER BOARD
NOTES TO FINANCIAL STATEMENTS, CONTINUED
MARCH 31, 2002
(thousands of dollars)

Note 14 Ancillary operations

	2002					2001
	Non-patient food service operations	Parking operations	Edmonton Radio-pharmaceutical Centre	Total	Budget	Total
Revenues	$ 887	$ 408	$ 2,723	$ 4,018	$ 4,000	$ 3,843
Amortization of deferred capital contributions		189		189	189	195
	887	597	2,723	4,207	4,189	4,038
Expenses:						
Amortization	7	189	28	224	217	224
Other expenses	926	359	2,497	3,782	3,800	3,664
	933	548	2,525	4,006	4,017	3,888
Excess (deficiency) of revenues over direct expenses 2001 – 2002	$ (46)	$ 49	$ 198	$ 201	$ 172	$ 150
Excess (deficiency) of revenues over direct expenses 2000 – 2001	$ (47)	$ 34	$ 163	$ 150	$ 244	$ 157

Note 15 Investment and other income

	Budget	2002	2001
Unrestricted investment income (loss)	$ 800	$ (1,104)	$ 3,983
Restricted research and operating grants	8,395	9,060	8,410
Recoveries	8,282	10,030	8,839
	$ 17,477	$ 17,986	$ 21,232

Investment income (loss) comprises interest, dividends, amortization of discount and premiums, and net gains (losses) on disposal or write down of investments.

ALBERTA CANCER BOARD
NOTES TO FINANCIAL STATEMENTS, CONTINUED
MARCH 31, 2002
(thousands of dollars)

Note 16 Administration

	Budget	2002	2001
General administration	$ 3,661	$ 3,936	$ 3,331
Finance	483	484	474
Personnel	882	1,023	891
	$ 5,026	$ 5,443	$ 4,696

Note 17 Information technology and Alberta we//net

	Budget	2002	2001
Alberta we//net	$ 97	$ –	$ 432
Information systems support	3,541	4,204	3,298
	$ 3,638	$ 4,204	$ 3,730

Alberta we//net is the province-wide, strategic initiative to build a health information network. The initiative brings together a broad spectrum of health professionals to use information technology to work to improve the health service delivery to all Albertans.

The Board's past contributions have been applied towards activities that will develop applications to support we//net initiatives.

ALBERTA CANCER BOARD
NOTES TO FINANCIAL STATEMENTS, CONTINUED
MARCH 31, 2002
(thousands of dollars)

Note 18 Support services

	Budget	2002	2001
Medical physics	$ 5,099	$ 5,518	$ 4,497
Building maintenance, operations and security	5,273	5,052	4,977
Education	543	591	530
Housekeeping	1,603	1,553	1,395
Laundry and linen	390	389	340
Materials management	1,039	1,017	981
Patient health records	3,234	3,122	2,951
Patient representative	117	114	100
Volunteer services	472	474	334
	$ 17,770	$ 17,830	$ 16,105

ALBERTA CANCER BOARD
NOTES TO FINANCIAL STATEMENTS, CONTINUED
MARCH 31, 2002
(thousands of dollars)

Note 19 Related parties

(a) The Province of Alberta:

The Board operates under the authority of the Province of Alberta. Transactions between the Board and the Province of Alberta are disclosed in the statements of operations and notes 6, 7, 12 and 13.

(b) Regional Health Authorities ("RHA's"):

The Board operates the Tom Baker Center in Calgary, its four Regional Cancer Clinics and eight Community Cancer Centers in facilities that are attached to RHA facilities or otherwise belong to RHA's. The RHA's provide both medical and building services to the Cancer Clinics on a cost recovery basis. The services provided by the RHA's are:

	2002	2001
Calgary RHA	$ 10,373	$ 8,314
Other RHA's	1,096	1,177
	$ 11,469	$ 9,491

(c) Alberta Cancer Foundation:

The Board controls the Alberta Cancer Foundation which raises money for cancer research and other cancer related activities and services. The Foundation is registered with Revenue Canada as a charitable foundation.

During the year, the Board received operating, research and capital grants from the Alberta Cancer Foundation totalling $4,540 (2001 – $5,467). At March 31, 2002, an amount of $655 was due from the Foundation (2001 – $738). An artwork collection was contributed from the Foundation and recorded at its fair value of $137.

ALBERTA CANCER BOARD
NOTES TO FINANCIAL STATEMENTS, CONTINUED
MARCH 31, 2002
(thousands of dollars)

Note 19 Related parties, continued

The Alberta Cancer Foundation has not been consolidated in the Board's financial statements. Audited financial statements of the Foundation are available upon request. A financial summary of the Alberta Cancer Foundation as at March 31, 2002 and 2001 and for the years then ended is as follows:

	2002	2001
Financial position:		
Assets	$ 40,243	$ 38,588
Liabilities	(4,616)	(3,833)
	$ 35,627	$ 34,755
Net assets:		
Accumulated excess of revenues over expenses	$ 840	$ 653
Investment in capital assets	64	218
Internally restricted	17,226	16,851
Endowments	17,497	17,033
	$ 35,627	$ 34,755
Results of operations:		
Total revenue	$ 6,238	$ 9,632
Total expenses	5,693	7,774
Excess of revenue over expenses	$ 545	$ 1,858

ALBERTA CANCER BOARD
NOTES TO FINANCIAL STATEMENTS, CONTINUED
MARCH 31, 2002
(thousands of dollars)

Note 19 Related parties, continued

(d) Cross Cancer Institute Volunteer Association:

The Board exercises significant influence over the Cross Cancer Institute Volunteer Association which was incorporated under the Societies Act of the Province of Alberta to provide services for the care and comfort of patients of the Cross Cancer Institute.

The net revenues were expended by the Association, at its discretion, in accordance with the Board's objectives (see note 1).

	2002	2001
Total assets	$ 291	$ 184
Total liabilities	87	17
Net assets	$ 204	$ 167
Revenues	$ 307	$ 320
Expenses	270	328
Excess of revenues over expenses	$ 37	$ (8)

Certain accommodation costs and a portion of salary costs incurred in the administration of the Association are borne by the Board and are included as expenditures of the Board.

ALBERTA CANCER BOARD
NOTES TO FINANCIAL STATEMENTS, CONTINUED
MARCH 31, 2002
(thousands of dollars)

Note 20 Pension costs

The Board participates in the Public Service Pension Plan which is a multi-employer defined benefit plan. The pension expense recorded in these financial statements is equal to the annual contributions payable of $2,304 for the year ended March 31, 2002 (2001 – $1,994). At December 31, 2001, the Public Service Pension Plan reported a surplus of $320,487 (2000 – $635,084).

Note 21 Trust funds

The Board receives funds in trust from Alberta Infrastructure for non-owned facilities for capital purposes and facility repairs. The Board provided its own operating funds to cover the temporary overdrafts.

	March 31, 2001	Deposits	Withdrawals	March 31, 2002
Alberta Infrastructure	$ (27)	$ 27	$	$
Alberta Tobacco Reduction Alliance	(25)	1,056	(899)	132
Other trust accounts	75	200	(106)	169
	$ 23	$ 1,283	$ (1,005)	$ 301

Note 22 Drug costs

The cost of drugs net of recoveries is recorded as follows:

	2002	2001
Drug costs included in drugs, gases, medical and surgical supplies per Schedule 1	$ 33,969	$ 28,093
Less recoveries included in investment and other income per Statement of Operations	(3,136)	(2,856)
	$ 30,833	$ 25,237

ALBERTA CANCER BOARD
NOTES TO FINANCIAL STATEMENTS, CONTINUED
MARCH 31, 2002
(thousands of dollars)

Note 22 Drug costs, continued

Certain drugs are provided to the Board by pharmaceutical companies to run clinical trials. For those drugs where fair value exists, the value of the drugs are recorded as other income and a cost of this same amount is recorded in drugs, gases, medical and surgical supplies. Drugs under development that are provided to the Board are not recorded in the financial statements as no fair value is determinable. The fair value of drugs provided and recorded in 2002 is $1,600 (2001 - $1,900).

Note 23 Comparative Figures

Certain 2001 figures have been reclassified to conform to the 2002 presentation.

Note 24 Approval of financial statements

The financial statements have been approved by the Board of Directors.

ALBERTA CANCER BOARD

SCHEDULE 1 – EXPENSES BY OBJECT

YEAR ENDED MARCH 31, 2002

(thousands of dollars)

	2002 Budget	2002 Actual	2001 Actual
Salaries, honoraria, benefits, allowances and severance (Schedule 2)	$ 70,100	$ 71,325	$ 60,924
Drugs, gases, medical and surgical supplies (note 22)	36,970	36,618	30,246
Consulting services	18,348	18,170	14,892
Other	38,876	39,477	35,806
Amortization:			
Capital equipment – internally funded	1,900	2,443	1,891
Capital equipment – externally funded	5,069	5,827	5,169
Facilities and improvements, cancer operations	3,972	4,159	5,130
	175,235	178,019	154,058
Less amount reported in ancillary operations (note 14)			
Amortization	(217)	(224)	(224)
Other expenses	(3,800)	(3,782)	(3,664)
	(4,017)	(4,006)	(3,888)
	$ 171,218	$ 174,013	$ 150,170

ALBERTA CANCER BOARD

SCHEDULE 2 - SALARIES, HONORARIA, BENEFITS, ALLOWANCES AND SEVERANCE

YEAR ENDED MARCH 31, 2002

(thousands of dollars)

	2002							2001			
					Severance						
	Number of individuals	Salaries and honoraria	Benefits and allowances	Subtotal	Number of individuals	Amount	Total	Number of individuals	Salaries, Honoraria and Benefits	Severance amount	Total
Board members											
Chairperson											
Gary Campbell	1	30	-	30	-	-	30	1	30	-	30
Members											
Fred Dibben	1	5	-	5	-	-	5	1	5	-	5
Elizabeth Hall-Petry	1	10	-	10	-	-	10	1	10	-	10
Jack Halpin	1	7	-	7	-	-	7	1	-	-	-
William Heald	-	-	-	-	-	-	-	1	5	-	5
Katharine Heller	-	-	-	-	-	-	-	1	10	-	10
Margaret Hoogland	-	-	-	-	-	-	-	1	7	-	7
Gordon Ganong	1	2	-	2	-	-	2	-	-	-	-
Patricia Jones	1	6	-	6	-	-	6	1	6	-	6
Richard Melchin	1	1	-	1	-	-	1	-	-	-	-
Mary-Lou Robertson	1	7	-	7	-	-	7	1	5	-	5
Bronwyn Shoush	1	4	-	4	-	-	4	1	1	-	1
Derril Stephenson	1	3	-	3	-	-	3	1	6	-	6
Total honoraria	10	75	-	75	-	-	75	11	85	-	85
Staff											
Chief Executive Officer	1	318	13	331	-	-	331	1	272	-	272
Management person(s) reporting to the CEO											
VP (Finance & Admin)	1	168	5	173	-	-	173	1	162	-	162
VP (Research)	1	81	2	83	-	-	83	1	68	-	68
VP (ACB Director EPS)	1	250	12	262	-	-	262	1	229	-	229
Other Management (avg. 2002 $66, avg. 2001 $64) (excluding severance)	208	12,180	1,467	13,647	3	110	13,757	189	12,041	63	12,104
Medical doctors not included above (avg. 2002 $219, avg. 2001 $221) (excluding severance)	16	3,291	169	3,460	-	-	3,460	19	3,235	-	3,235
Regulated nurses not included above (avg. 2002 $69, avg. 2001 $59) (excluding severance)	101	6,235	818	7,053	-	-	7,053	92	5,442	-	5,442
Other health technical and professionals (avg. 2002 $67, avg. 2001 $58) (excluding severance)	273	16,386	2,004	18,390	-	-	18,390	247	14,235	31	14,266
Other staff (avg. 2002 $48, avg. 2001 $47) (excluding severance)	570	24,551	3,190	27,741	-	-	27,741	534	25,024	37	25,061
Total	1,182	$ 63,535	$ 7,680	$ 71,215	3	$ 110	$ 71,325	1,096	$ 60,793	$ 131	$ 60,924

ALBERTA CANCER BOARD

SCHEDULE 2 – SALARIES, HONORARIA, BENEFITS, ALLOWANCES AND SEVERANCE, CONTINUED

MARCH 31, 2002

(thousands of dollars)

(1) Number of individuals consists of full time equivalents except for Board members.

Full time equivalent has been determined as 2,022.75 hours per employee.

(2) Salary includes regular base pay, bonuses, overtime, lump sum payments, honoraria and any other remuneration. It also includes – where applicable – payout of prior year's vacation accrual.

(3) Benefits and allowances include contributions or payments made on behalf of employees including pensions, health care, dental coverage, out of country medical benefits, group life insurance, accidental disability and dismemberment insurance, long and short disability plans, as well as the statutory benefits of Canada Pension Plan, Employment Insurance and Workers' Compensation.

(4) Severance includes all monies paid directly or on behalf of an employee upon termination which are not or have not been included in salaries and benefits.

(5) The Chief Executive Officer is provided with an automobile; no dollar amount is included under benefits and allowances. The 2002 total for salaries and honoraria includes $25,000 for payout of prior year's accrued vacation.

(6) The salaries of three vice presidents are not reflected on this schedule because their services are rendered through professional corporations.

(7) The costs of medical staff operating through professional corporations are no longer reflected in this schedule, as required by Financial Directive 19. As a result, the 2001 comparison figures have been reduced by $14,432 reflecting the VP of Medical Affairs and 19 medical staff.

ALBERTA CANCER BOARD

SCHEDULE 3 - SUMMARY OF REVENUES AND EXPENSES

YEAR ENDED MARCH 31, 2002

(thousands of dollars)

	Actual		
	2002	2001	2000
Revenues:			
Alberta Health and Wellness contributions	$ 133,481	$ 117,592	$ 88,774
Other government contributions	977	3,669	443
Fees and charges	2,470	1,737	2,243
Ancillary operations, net	201	150	157
Donations	2,831	1,687	1,337
Investment and other income	17,986	21,232	16,132
Amortization of external capital contributions	9,797	10,104	9,515
TOTAL REVENUES	167,743	156,171	118,601
Expenses:			
Facility based inpatient acute care services	11,318	10,129	10,629
Facility based outpatient services	44,642	34,802	26,262
Community services	16,189	13,598	10,025
Diagnostic and therapeutic services	44,116	37,426	30,266
Promotion, prevention and protection services	7,266	5,668	5,216
Research and education	19,070	19,110	14,756
Administration	5,443	4,696	4,001
Information technology and we//net	4,204	3,730	3,596
Support services	17,830	16,105	13,241
Amortization of facilities and improvements, cancer operations	3,935	4,906	4,881
TOTAL EXPENSES	174,013	150,170	122,873
Excess (deficiency) of revenues over expenses	$ (6,270)	$ 6,001	$ (4,272)

Alphabetical List of Government Entities' Financial Statements in Ministry 2001/2002 Annual Reports

ENTITIES INCLUDED IN THE CONSOLIDATED GOVERNMENT REPORTING ENTITY

Ministry, Department, Fund or Agency	Ministry Annual Report
Agriculture Financial Services Corporation	Agriculture, Food and Rural Development
Alberta Alcohol and Drug Abuse Commission	Health and Wellness
Alberta Dairy Control Board	Agriculture, Food and Rural Development
Alberta Energy and Utilities Board	Energy
Alberta Foundation for the Arts	Community Development
Alberta Gaming and Liquor Commission	Gaming
Alberta Government Telephones Commission, The	Finance
Alberta Heritage Foundation for Medical Research Endowment Fund	Revenue
Alberta Heritage Savings Trust Fund	Revenue
Alberta Heritage Scholarship Fund	Revenue
Alberta Heritage Science and Engineering Research Endowment Fund	Revenue
Alberta Historical Resources Foundation, The	Community Development
Alberta Insurance Council	Finance
Alberta Municipal Financing Corporation	Finance
Alberta Opportunity Company	Agriculture, Food and Rural Development
Alberta Pensions Administration Corporation	Finance
Alberta Petroleum Marketing Commission	Energy
Alberta Research Council Inc.	Innovation and Science
Alberta Risk Management Fund	Revenue
Alberta School Foundation Fund	Learning
Alberta Science and Research Authority	Innovation and Science
Alberta Securities Commission	Revenue
Alberta Social Housing Corporation	Seniors
Alberta Sport, Recreation, Parks and Wildlife Foundation	Community Development
Alberta Treasury Branches	Finance
ATB Investment Services Inc.	Finance
Child and Family Services Authorities:	Children's Services
Awasak Child and Family Services Authority	
Calgary Rocky View Child and Family Services Authority	
Child and Family Services Authority Region 13	
Child and Family Services Authority Region 14	
Diamond Willow Child and Family Services Authority	
Hearthstone Child and Family Services Authority	
Keystone Child and Family Services Authority	
Ma' Mowe Capital Region Child and Family Services Authority	
Metis Settlements Child and Family Services Authority	
Neegan Awas'sak Child and Family Services Authority	
Ribstone Child and Family Services Authority	
Sakaigun Asky Child and Family Services Authority	
Sakaw-Askiy Child and Family Services Authority	
Silver Birch Child and Family Services Authority	
Southeast Alberta Child and Family Services Authority	
Sun Country Child and Family Services Authority	
West Yellowhead Child and Family Services Authority	
Windsong Child and Family Services Authority	

Ministry, Department, Fund or Agency	Ministry Annual Report
Credit Union Deposit Guarantee Corporation	Finance
Crop Reinsurance Fund of Alberta	Agriculture, Food and Rural Development
Ministry, Department, Fund or Agency	Ministry Annual Report
Department of Agriculture, Food and Rural Development	Agriculture, Food and Rural Development
Department of Children's Services	Children's Services
Department of Community Development	Community Development
Department of Energy	Energy
Department of Finance	Finance
Department of Gaming	Gaming
Department of Health and Wellness	Health and Wellness
Department of Innovation and Science	Innovation and Science
Department of Learning	Learning
Department of Revenue	Revenue
Department of Seniors	Seniors
Department of Solicitor General	Solicitor General
Department of Sustainable Resource Development	Sustainable Resource Development
Environmental Protection and Enhancement Fund	Sustainable Resource Development
Gainers Inc. Finance	
Government House Foundation, The	Community Development
Historic Resources Fund	Community Development
Human Rights, Citizenship and Multiculturalism Education Fund	Community Development
iCore Inc.	Innovation and Science
Lottery Fund	Gaming
Ministry of Aboriginal Affairs and Northern Development[1]	Aboriginal Affairs and Northern Development
Ministry of Agriculture, Food and Rural Development	Agriculture, Food and Rural Development
Ministry of Children's Services	Children's Services
Ministry of Community Development	Community Development
Ministry of Economic Development[1]	Economic Development
Ministry of Energy	Energy
Ministry of Environment[1]	Environment
Ministry of Finance	Finance
Ministry of Executive Council[1]	Executive Council
Ministry of Gaming	Gaming
Ministry of Government Services[1]	Government Services
Ministry of Health and Wellness	Health and Wellness
Ministry of Human Resources and Employment[1]	Human Resources and Employment
Ministry of Infrastructure[1]	Infrastructure
Ministry of Innovation and Science	Innovation and Science
Ministry of International and Intergovernmental Relations[1]	International and Intergovernmental Relations
Ministry of Justice[1]	Justice
Ministry of Learning	Learning
Ministry of Municipal Affairs[1]	Municipal Affairs
Ministry of Revenue	Revenue
Ministry of Seniors	Seniors
Ministry of Solicitor General	Solicitor General
Ministry of Sustainable Resource Development	Sustainable Resource Development
Ministry of Transportation[1]	Transportation
N.A. Properties (1994) Ltd.	Finance
Natural Resources Conservation Board	Sustainable Resource Development

Ministry, Department, Fund or Agency	Ministry Annual Report
Persons with Developmental Disabilities	Community Boards
Calgary Community Board	Community Development
Central Community Board	Community Development
Edmonton Community Board	Community Development
Northeast Community Board	Community Development
Northwest Community Board	Community Development
South Community Board	Community Development
Persons with Developmental Disabilities Foundation[2]	Community Development
Persons with Developmental Disabilities Michener Centre Facility Board	Community Development
Persons with Developmental Disabilities Provincial Board	Community Development
Provincial Judges and Masters in Chambers Reserve Fund	Finance
S C Financial Ltd.	Finance
Supplementary Retirement Plan Reserve Fund	Finance
Victims of Crime Fund	Solicitor General
Wild Rose Foundation, The	Community Development

[1] Ministry includes only the department so separate department financial statements are not necessary.

[2] Previously reported through Alberta Health and Wellness

ENTITIES NOT INCLUDED IN THE CONSOLIDATED GOVERNMENT REPORTING ENTITY

Fund or Agency	Ministry Annual Report
Alberta Cancer Board	Health and Wellness
Alberta Foundation for Health Research	Innovation and Science
Alberta Heritage Foundation for Medical Research	Innovation and Science
Alberta Heritage Foundation for Science and Engineering Research	Innovation and Science
Alberta Mental Health Board	Health and Wellness
Alberta Teachers' Retirement Fund Board	Learning
Improvement Districts' Trust Account	Municipal Affairs
Local Authorities Pension Plan	Finance
Long-Term Disability Income Continuance Plan — Bargaining Unit	Human Resources and Employment
Long-Term Disability Income Continuance Plan — Management, Opted Out and Excluded	Human Resources and Employment
Management Employees Pension Plan	Finance
Provincial Judges and Masters in Chambers Pension Plan	Finance
Public Post Secondary Institutions	Learning
Public Service Management (Closed Membership) Pension Plan	Finance
Public Service Pension Plan	Finance
Regional Health Authorities	Health and Wellness
School Boards	Learning
Special Areas Trust Account, The	Municipal Affairs
Special Forces Pension Plan	Finance
Supplementary Retirement Plan for Provincial Judges and Masters in Chambers	Finance
Supplementary Retirement Plan for Public Service Managers	Finance
Universities Academic Pension Plan	Finance
Workers' Compensation Board	Human Resources and Employment